

OFFICIAL STATEMENT
& BOND RESOLUTION

COMMUNITY
REDEVELOPMENT
AGENCY of the City of

COVINA

LOS ANGELES COUNTY, CALIFORNIA

Covina Revitalization
Redevelopment
Project No. One,
Tax Allocation Bonds, 1977

\$7,000,000

Principal Amount

not slip

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COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COVINA

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Paying Agents

The Northern Trust Company, *Chicago*
Manufacturers Hanover Trust Co., *New York*

[Hornblower & Weeks-Hemphill,
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THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COVINA

December 6, 1976

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to furnish information regarding \$7,000,000 principal amount of tax allocation bonds to be issued by the Community Redevelopment Agency of the City of Covina to assist in financing its redevelopment project.

The material contained in this Official Statement was prepared by Hornblower & Weeks-Hemphill, Noyes Incorporated as Financing Consultants to and under the direction of the Agency. All information contained in this Official Statement is gathered from sources believed to be reliable but the accuracy thereof is not guaranteed.

All of the following summaries of the Resolution of Issuance, the Community Redevelopment Law, other applicable legislation, the Redevelopment Plan, and other documents are made subject to the provisions of such documents respectively, and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Agency for further information in connection therewith. The covenants of the Agency are fully set forth in the Resolution of Issuance, and this Official Statement does not constitute a contract with purchasers of bonds. Any statements herein involving estimates and projections may or may not be realized. Any statements herein involving matters of opinion or estimates, whether or not so designated, are to be construed as provisional rather than factual.

The unqualified legal opinion of the bond counsel firm of Rutan & Tucker, Santa Ana, California, will be furnished to the successful bidder at the time of delivery of the bonds, at the expense of the Agency.

The execution and delivery of this Official Statement have been authorized by the Agency.

s/Elaine W. Donaldson
Chairman

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Resolution No. 10..... R 1

Notice Inviting Bids..... Following R 41

No dealer, broker, salesman or other person has been authorized by the Community Redevelopment Agency of the City of Covina to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the Agency.

INTRODUCTION

The \$7,000,000 principal amount of tax allocation bonds to be issued by the Community Redevelopment Agency of the City of Covina (the C.R.A.) are being sold to finance land acquisition and site improvements in accordance with the redevelopment plan for the project area.

The C.R.A. was activated in 1969 by City Ordinance No. 1059 and the redevelopment plan for the Covina Revitalization-Redevelopment Project No. One was adopted by Ordinance No. 1268 of the city council dated July 15, 1975.

The City of Covina, encompassing approximately six square miles, is located in the eastern portion of the San Gabriel Valley, in Los Angeles County, about 23 miles east of the City of Los Angeles. The C.R.A. project area is made up of ten non-contiguous locations within the city that are characterized by vacant or under-utilized parcels, deteriorated building structures, insufficient street improvements, inadequate utilities and other physical conditions that impede development through private enterprise.

Bond proceeds will be used to install utilities, effect street and flood control improvements and to assemble and improve properties to correct blighted conditions and to accommodate redevelopment within the project area. Other expenditures will be made, as described more fully herein, for engineering, legal, financing and related costs.

TABLE 1
ESSENTIAL FACTS

The Bonds	
Principal amount	\$7,000,000
Maturities	1978-2007
Denomination	\$5,000
Average life	21.00
Bond years	147,005
Maturities callable 1988 or after	1989-2007
Maximum coupon rate	8%
Maximum coupon spread	2%
C. R. A. Financial Data	
Frozen base assessed valuation (1973/74)	\$12,322,890
1976/77 assessed valuation	\$16,235,359
1976/77 tax allocation (available for January 1, 1978 bond service)	\$514,529
Cash transfer to fiscal agent (available for January 1, 1978 bond service)	\$195,322
Total tax allocation available for January 1, 1978 bond service	\$709,851
Maximum bond service due January 1, 1978	\$560,000
Ratio available revenue to first bond service	1.27
Projected 1977/78 tax allocation (exclusive of mandatory carryover)	\$676,375
Projected 1978/79 tax allocation (exclusive of mandatory carryover)	\$957,478
City Financial and Economic Data	
Direct bond indebtedness	\$2,320,000
Overlapping bonded debt	\$8,138,782
Ratio direct debt to assessed valuation	1.98%
Ratio direct and overlapping debt to assessed valuation	8.93%
1976 population	32,870
Per capita assessed valuation	\$3,563

The \$7,000,000 principal amount of tax allocation bonds are payable from property taxes collected in the project area upon any increase over the 1973/74 assessed valuation of \$12,322,890. The 1976/77 assessed valuation of \$16,235,359 represents an increase of \$3,912,469 which will produce a tax allocation of \$514,529 based on present applicable tax rates. This amount plus \$58,322 taxes collected for the C. R. A. in fiscal year 1975/76 to be held for the fiscal agent for debt service plus, \$137,000 of 1977/78 unsecured taxes to be disbursed to the C. R. A. in November 1977, represents a total amount of \$709,851 to be available to meet debt service due January 1, 1978. Assuming an interest rate of 8% on the bonds (the maximum rate allowable under the law) the tax allocation available by January 1, 1978 exceeds the first debt service payment by more than 1.27 times. The ratio of tax allocation dollars to debt service requirement in fiscal year 1978/79 is expected to exceed the ratio calculated for 1977/78 based on construction permits awarded to date.

The City of Covina, with an estimated 1976 population of 32,870, is seeking to broaden its tax base through commercial development, residential development and development of public facilities, including utilities, streets, and other municipal improvements which are expected to make it attractive for private enterprise to develop vacant or deteriorated properties in accordance with the city's general plan.

The growth and economic development of Covina is influenced by the city's proximity to significant employment centers, accessibility to nearby recreational opportunities, and the availability of necessary commercial facilities. Major employers in the Covina area include manufacturing and non-manufacturing enterprises. The city is adjacent to the San Bernardino and Foothill Freeways to the south and north, respectively, and is traversed by State Highway 39 and is nearby major air transportation facilities.

THE BONDS

Authority for Issuance

The \$7,000,000 principal amount of Community Redevelopment Agency of the City of Covina, Covina Revitalization-Redevelopment Project No. One, Tax Allocation bonds, 1977 (the "bonds") currently being offered, were authorized pursuant to Resolution No. 10 of the Agency (the "resolution"). The bonds will be issued in full conformity with the Constitution and laws of the State of California, including the Community Redevelopment Law.

The Agency has no bonded debt now outstanding.

Description of the Bonds

The bonds consist of an aggregate principal amount of \$7,000,000. They will be issued either as coupon bonds in the denomination of \$5,000 each, or as fully registered bonds in authorized denominations. The bonds are serial bonds, dated January 1, 1977, and mature on January 1, 1979 to January 1, 2007, as shown in the adjoining maturity schedule.

Interest is payable on January 1, 1978 and thereafter semi-annually on each July 1, and January 1. Interest and principal (except for interest on fully registered bonds which is payable by mailed check or draft) are payable at the principal office of the Fiscal Agent of the Agency, United California Bank, is Los Angeles or San Francisco, California; at the principal office of the Northern Trust Company in Chicago, Illinois; or at the principal office of Manufacturers Hanover Trust Company in New York, New York, paying agents for the C.R.A.

Redemption

The bonds maturing on or before January 1, 1988, are not subject to redemption prior to their stated maturity dates.

The bonds maturing on or after January 1, 1989, may be called before maturity and redeemed at the option of the Agency, in whole or in part, from any source of funds, on January 1, 1988, or on any interest payment date thereafter prior to maturity. If less than all of the bonds outstanding are to be redeemed at any one time, the bonds are to be redeemed in inverse order of maturity and by lot within a maturity.

Bonds called for redemption are to be redeemed at a redemption price for each redeemed bond equal to the principal amount thereof, plus accrued interest to the redemption date and the premium shown at right.

Registration

Two forms of bonds have been provided: (1) those which are in negotiable form, payable to bearer with negotiable coupons ("bearer bonds"); and (2) non-negotiable fully registered bonds payable to the registered owner ("fully registered bonds"), each in denominations of \$5,000 or any multiple thereof. The bearer bonds are not registrable by endorsement, but bearer bonds and fully registered bonds may be exchanged as provided in the Resolution. No such exchange shall be made between the fifteenth day preceding any interest payment date and such interest payment date. No charge for any such exchange shall be made except for any tax or governmental charge that may be imposed in connection with such exchange.

Legal Opinion

The unqualified legal opinion of the bond counsel firm of Rutan & Tucker, Santa Ana, California, will be furnished to the successful bidder at the time of delivery of the bonds at the expense of the Agency. A copy of such opinion, certified by an officer of the Agency by his facsimile signature, will be printed on the back of each bond. No charge will be made to the purchaser for such printing or certification.

MATURITY SCHEDULE

<i>Maturity Date January 1</i>	<i>Principal Maturing</i>
1979	\$ 65,000
1980	70,000
1981	75,000
1982	85,000
1983	95,000
1984	100,000
1985	105,000
1986	115,000
1987	125,000
1988	135,000
1989	145,000
1990	155,000
1991	170,000
1992	185,000
1993	200,000
1994	215,000
1995	230,000
1996	250,000
1997	270,000
1998	290,000
1999	315,000
2000	340,000
2001	365,000
2002	395,000
2003	425,000
2004	460,000
2005	500,000
2006	540,000
2007	580,000

PREMIUMS AND REDEMPTION YEARS

<i>Premium</i>	<i>Redemption Year</i>
3 %	1988
2½%	1989
2 %	1990
1½%	1991
1 %	1992
½ %	1993
0 %	1994 - Maturity

Closing Documents

In addition to the opinion of bond counsel, the Agency will, at the time of delivery of the bonds, furnish the purchaser the following documents, all to be dated as of the date of delivery:

1. *Arbitrage Certificate* — A certificate of a responsible officer of the Agency that, on the basis of the facts and circumstances in effect at the time of delivery of the bonds, it is not expected that the proceeds of the bonds will be used in a manner that will cause the bonds to be arbitrage bonds.
2. *No Litigation Certificate* — A certificate of a responsible officer of the Agency that there is no litigation pending affecting the validity of the bonds.
3. *Signature Certificate* — A certificate of the respective officers and representatives of the Agency showing that they have signed the bonds, by manual or facsimile signature, and that they were duly authorized to execute the same.
4. *Treasurer's Receipt* — The receipt of the Treasurer of the Agency showing that the purchase price of the bonds, including accrued interest to the date of delivery (if any), has been received by the Agency.
5. *Certificate Concerning Official Statement* — A certificate, signed by an appropriate officer of the Agency acting in his official capacity, to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the Official Statement nor any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (b) between the date of the Official Statement and the date of sale of the bonds, no event has occurred which should have been set forth in an amendment or supplement to the Official Statement which has not

been set forth in such an amendment or supplement; nor (c) has there been any material adverse change in the operation or financial affairs of the Agency since the date of such Official Statement and the date of sale.

Tax Exempt Status

In the opinion of bond counsel, interest on the bonds is exempt from all present federal income taxes and from State of California personal income taxes under existing statutes, regulations and court decisions.

Legality for Investment in California

The Community Redevelopment Law provides that bonds authorized and issued in the manner and for the purpose of the bonds shall be legal investments for all banks, including trust companies and savings banks, insurance companies, and various other financial institutions, as well as for trust funds. The bonds are also authorized security for public deposits under the law.

The Superintendent of Banks of the State of California has previously ruled that bonds of a redevelopment agency are eligible for savings bank investment in California.

Disposition of Bond Proceeds

Bond proceeds will be placed in the Redevelopment Fund, held by the Agency's Treasurer, except that accrued interest and premium paid, if any, will be transferred to the Fiscal Agent and placed in the Special Fund in the Bond Interest Account; and a sum equal to the Maximum Annual Debt Service will be transferred to the Fiscal Agent and placed in the Special Fund in the Reserve Account. Remaining proceeds will be spent as shown on Table 3, page 14 in "The Covina Revitalization-Redevelopment Project No. One" section of this Official Statement.

The Redevelopment Fund

The moneys set aside and placed in the Redevelopment Fund are to be expended for the cost of the redevelopment project and other costs related thereto.

The Special Fund

All Tax Revenues, as defined under the heading "Security", below, are to be deposited in the Special Fund, held by the Fiscal Agent and pledged to payment of the principal and interest on the bonds. Interest earned on the investment of moneys in the Special Fund accrues to the fund.

The Tax Revenues accumulated in the Special Fund shall be used in the following priority:

1. For deposits into the Bond Interest Account for current semi-annual bond interest payments (initial deposit of accrued interest and premium, if any);
2. For deposits into the Serial Bond Payment Account for current bond principal payments;
3. For additional deposits into the Bond Interest Account so that the balance in said Account shall equal the amount of one year's interest on the bonds one month prior to any interest payment date;
4. For deposits into the Reserve Account so that the balance in said Account shall equal the Maximum Annual Debt Service (initial complete deposit made from bond proceeds);
5. For deposit into the Term Bond Sinking Fund Account, which is not applicable to this issue, but might become applicable for future issues of parity bonds.

Failure to make any deposit under 3, 4 and 5, above, is not to be considered an event of default, if Tax Revenues are insufficient therefor, but the by-passed deposits are cumulative and are required to be made as soon as Tax Revenues are sufficient therefor.

If all of the deposits have been made, surplus Tax Revenues may be used for the purchase or call of bonds or for any other lawful purpose, but only if (1) Tax Revenues for the current fiscal year equal at least 1.25 times Maximum Annual Debt Service on all bonds, parity bonds and any loans, advances, or indebtedness payable from Tax Revenues on a parity with the bonds, pursuant to Section 33670 of the Law, as shown by the certificate or opinion of an independent accountant, and (2) there has been no material change in the status of the Redevelopment Project which would be likely to result in the diminution of the increment in the succeeding fiscal year, as certified by an independent Redevelopment Fiscal and Administrative Consultant to the Agency and filed with the Fiscal Agent.

Bond Reserve

An amount equal to the Maximum Annual Debt Service is to be maintained in the Reserve Account as a bond reserve.

Security

Under provisions of the California Constitution, the Community Redevelopment Law, and the Resolution, taxes on all taxable property in the redevelopment project area levied and collected by any taxing agency will be divided as follows:

1. An amount each year equal to the amount which would have been produced by that year's tax rates applied to the assessed valuation of such property within the redevelopment project area last equalized prior to the effective date of the ordinance approving the redevelopment plan (the 1973/74 assessment roll) will be paid into the funds of the respective taxing agencies;
2. Taxes received over and above that amount as a result of the increases in assessed valuation (the "Tax Revenues"), will be deposited in the Special Fund of the Agency.

The bonds are payable from any available funds of the Agency but are specifically secured only by a pledge of the Tax Revenues. All moneys in the Special Fund are pledged to the payment of the bonds. The Agency has no power to levy and collect taxes, and any legislative property tax de-emphasis, or provision of additional sources of income to taxing agencies having the effect of reducing the property tax rate, must necessarily reduce the amount of Tax Revenues that would otherwise be available to pay the principal of, and interest on, the bonds. Likewise, broadened property tax exemptions could have a similar effect.

Conversely, any increase in the tax rate or assessed valuation, or any reduction or elimination of present exemptions would necessarily increase the amount of Tax Revenues that would be available to pay principal and interest on the bonds.

A Superior Court of the State of California has declared the State's system of financing public elementary and secondary schools to be in violation of the California Constitution by virtue of the unequal distribution of tax dollars among school districts, particularly with respect to revenues derived from local ad valorem property taxation. *Serrano v. Priest*, Docket No. 938, 254. The Superior Court decision provides that the existing public school financing system may continue to operate for a reasonable period of time until an appropriate public financing system that is not violative of the equal protection clause of the California Constitution can be placed into effect. An appeal is now pending before the California Supreme Court.

It should be noted that a portion of the total tax rates levied within the project area which produce Tax Revenues allocatable to the C.R.A. is attributable to school district tax rates. Thus, any change in the local ad valorem tax rates which may be levied by school districts within the project area could have an impact on Tax Revenues available to the C.R.A. However, because the outcome of this litigation is still in doubt, any change in the source of school district revenues and the effect thereof, if any, on tax allocation financing cannot now be determined.

Among the elements providing special protection to the bonds is a Reserve Fund equal to Maximum Annual Debt Service on the bonds. For additional security to provide against any short term gap that could develop between debt service requirements and receipt of Tax Revenues as a result of a change in the date or dates upon which the Tax Revenues are paid into the Special Fund, the Agency has the power to issue prior lien short term notes to finance bond service, repayable from Tax Revenues in the same fiscal year.

The bonds are not a debt of the City of Covina, the State of California, or any of its political subdivisions, and neither said city, state, nor any of its political subdivisions is liable therefor. The bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Refunding Bonds

The Agency may issue refunding bonds for the purpose of paying or retiring outstanding bonds subject to their applicable redemption provisions and the law.

Issuance of Additional Bonds

Additional tax allocation bonds on a parity with the bonds may be issued to pay costs of the project provided:

1. The Agency is in compliance with all covenants set forth in the Resolution.
2. Tax Revenues produced from the most recent assessed valuation of taxable property in the redevelopment project area (plus, at the option of the Agency, estimated additional Tax Revenues to be received within any of the next three years following the date the computation is made, due to increases in assessed valuations, based on construction in progress, as shown by a certificate or opinion of an independent engineer) are at least equal to 1.25 times the proposed Maximum Annual Debt Service.
3. Bond proceeds are deposited in the Reserve Account in an amount sufficient to bring the Reserve Account up to the proposed Maximum Annual Debt Service.
4. The additional bonds mature on January 1 and interest thereon is payable on the same dates as the previously issued bonds. The additional bonds are to be callable not earlier than January 1, 1988.

Investment of Funds

All moneys in the Redevelopment Fund and all moneys held by the Fiscal Agent pursuant to the Resolution shall be deposited or invested in the manner provided and upon the terms and conditions required for the deposit or investment of public funds. Under the terms of the Resolution, Redevelopment Fund investments must mature not later than the dates estimated by the Agency that such funds will be required. Special Fund investments must mature in such a manner as to assure that moneys will be available to meet debt service payments as required.

Other Covenants

Other covenants of the Agency under the Resolution are summarized below:

1. The project will be completed with all practicable dispatch in a sound and economical manner and in accordance with the redevelopment plan and the Community Redevelopment Law. The redevelopment plan may be amended as provided in the law but no amendment shall be made which would substantially impair the security of the bonds or the rights of bondholders, as shown by an opinion of counsel.
2. The Agency will manage and operate all properties owned by it and comprising any part of the redevelopment project in a sound and businesslike manner.
3. No other obligations payable from Tax Revenues will be issued having a lien upon the Tax Revenues superior to the bonds, except as permitted by the Resolution regarding short term notes or refunding bonds, or, unless in compliance with the restrictions in the Resolution, on a parity with the bonds.
4. The Agency will punctually pay, or cause to be paid, the principal and interest becoming due on the bonds.
5. The Agency will punctually pay, or cause to be paid, any lawful governmental charges imposed and all claims for labor, materials and supplies which if unpaid might become a lien or charge which might impair the security of the bonds.
6. The Agency will at all times keep, or cause to be kept, proper and current books and accounts (separate from other records and accounts) in which complete and accurate entries will be made of all transactions relating to the redevelopment project and the Tax Revenues, and will prepare within 120 days after the close of each fiscal year a complete financial statement covering the redevelopment project and Tax Revenues, certified by a certified public accountant selected by the Agency, copies of which will be furnished to any bondholder upon written request.
7. The net proceeds realized by the Agency from any eminent domain proceedings will be deposited in the Special Fund for the purpose of paying principal and interest on the bonds.
8. The Agency will not dispose of more than 10 percent of the land area in the redevelopment project area to public bodies or other entities whose property is tax exempt (other than property shown by the redevelopment plan as planned for such ownership, such as parks, civic center sites, historical sites and schools, or property to be used for public streets, off street parking, sewage facilities, utility easements and the like) if as a result of such action the security of the bonds or the right of the bondholders will be substantially impaired (in the opinion of an independent Redevelopment Fiscal and Administrative Consultant).
9. The Agency will protect and defend the security of the bonds and the rights of the bondholders and will take no action to impair the tax exempt status of the bonds.

Remedies

Any bondholder has the right of mandamus or other appropriate remedy to compel the performance by the Agency and its members of the duties imposed by the Resolution and by the Community Redevelopment Law.

Amendment of the Resolution

The Resolution may be modified or amended only with the consent of holders of 60 percent of all bonds and additional bonds then outstanding (exclusive of issuer-owned bonds), unless the modification or amendment is for the purpose of curing ambiguities or defects and has no adverse effect on bondholder rights, in which case no bondholders' consent is required. No modification or amendment will extend the maturity, reduce the interest rate or principal amount payable or reduce the percentage of consent required for amendment without the express consent of the holder or registered owner of the bond affected.

Bond Service Requirements

Table 2 presents the debt service requirements for the \$7,000,000 tax allocation bonds. Excluding callability of bonds maturing on or after January 1, 1989, these bonds will be retired on a 30-year schedule. Assuming an interest rate of 8% (the maximum amount allowable under the law) and no recall of bonds, total interest using the 30-year schedule is \$11,760,400. Principal will mature on January 1, 1979 and annually thereafter. The first debt service payment of \$560,000 is for interest only and will be due on January 1, 1978.

TABLE 2
MAXIMUM ANNUAL DEBT SERVICE
\$7,000,000 TAX ALLOCATION BONDS, 1977

<i>Fiscal Year</i>	<i>Principal Outstanding Beginning of Year</i>	<i>Interest at 8% (Maximum Allowable)</i>		<i>Principal Maturing January 1</i>	<i>Total Maximum Debt Service</i>
		<i>July 1</i>	<i>January 1</i>		
1977/78	\$7,000,000	\$ —	\$ 560,000	\$ —	\$ 560,000
1978/79	7,000,000	280,000	280,000	65,000	625,000
1979/80	6,935,000	277,400	277,400	70,000	624,800
1980/81	6,865,000	274,600	274,600	75,000	624,200
1981/82	6,790,000	271,600	271,600	85,000	628,200
1982/83	6,705,000	268,200	268,200	95,000	631,400
1983/84	6,610,000	264,400	264,400	100,000	628,800
1984/85	6,510,000	260,400	260,400	105,000	625,800
1985/86	6,405,000	256,200	256,200	115,000	627,400
1986/87	6,290,000	251,600	251,600	125,000	628,200
1987/88	6,165,000	246,600	246,600	135,000	628,200
1988/89	6,030,000	241,200	241,200	145,000*	627,400
1989/90	5,885,000	235,400	235,400	155,000*	625,800
1990/91	5,730,000	229,200	229,200	170,000*	628,400
1991/92	5,560,000	222,400	222,400	185,000*	629,800
1992/93	5,375,000	215,000	215,000	200,000*	630,000
1993/94	5,175,000	207,000	207,000	215,000*	629,000
1994/95	4,960,000	198,400	198,400	230,000*	626,800
1995/96	4,730,000	189,200	189,200	250,000*	628,400
1996/97	4,480,000	179,200	179,200	270,000*	628,400
1997/98	4,210,000	168,400	168,400	290,000*	626,800
1998/99	3,920,000	156,800	156,800	315,000*	628,600
1999/2000	3,605,000	144,200	144,200	340,000*	628,400
2000/01	3,265,000	130,600	130,600	365,000*	626,200
2001/02	2,900,000	116,000	116,000	395,000*	627,000
2002/03	2,505,000	100,200	100,200	425,000*	625,400
2003/04	2,080,000	83,200	83,200	460,000*	626,400
2004/05	1,620,000	64,800	64,800	500,000*	629,600
2005/06	1,120,000	44,800	44,800	540,000*	629,600
2006/07	580,000	23,200	23,200	580,000*	626,400
		\$5,600,200	\$6,160,200	\$7,000,000	\$18,760,400

* Callable on or after January 1, 1988.

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COVINA

Authority and Personnel

The Community Redevelopment Agency of the City of Covina (the C.R.A.) was activated in 1969 by City Ordinance No. 1059 pursuant to the California Community Redevelopment laws (Section 33000 et seq. Health and Safety Code). The city council serves as the governing board for the redevelopment agency. The agency is a separate public body and exercises governmental functions in planning and carrying out redevelopment projects. The C.R.A. can facilitate the development of on and off-site improvements, acquire and re-sell property, construct public buildings and provide services to the project area.

The mayor of the city, Mrs. Elaine W. Donaldson, also serves as chairman of the C.R.A. Mayor Donaldson, a Covina resident for 22 years, participates in a family-owned industrial supply business as controller. Mrs. Donaldson has a history of active community involvement and is current president of the San Gabriel Valley Association of Cities.

The agency's vice-chairman is Mr. Charles Colver, mayor pro-tem of the city. Mr. Colver, a long-time resident of Covina, has served with the U.S. Forest Service for the last 27 years. The remaining membership of the city council include Mr. Robert Fryke, account executive, Mr. J. Frank Haven, education administrator, and Mr. Karl Jaeger, attorney.

Mr. Richard A. Miller, city manager, serves as the C.R.A. executive director. Mr. Miller, former fire chief of the city, was appointed city manager in July of this year. He has been assisted by Mr. Terry L. James, former deputy director of the C.R.A. and Mr. Charles Vose, current deputy director of the C.R.A. Mr. James terminated employment with the C.R.A.

on November 19, 1976 and joined the City of Montebello as redevelopment agency manager on November 22, 1976. Mr. James has assisted the C.R.A. during the transition period. The city clerk and city treasurer serve as secretary and treasurer, respectively, for the agency.

City attorney and general counsel to the C.R.A. is Mr. Norman Oliver, of the law firm Oliver, Stover & Laskins. The special counsel to the Redevelopment Agency is Mr. Graham A. Ritchie. Mr. Ritchie also serves as counsel to the redevelopment agencies of the City of Baldwin Park, City of Industry, City of Palmdale, the City of South Pasadena, and the City of Hawaiian Gardens.

Mr. James G. Magner serves as fiscal and administrative consultant to the agency. Mr. Magner also serves as consultant to numerous cities and redevelopment agencies.

The Redevelopment Plan

The city council adopted Ordinance No. 1268 on July 15, 1975 which established a redevelopment plan for the Covina Revitalization-Redevelopment Project Number One (the "plan"). The plan is designed to enable the C.R.A. to eliminate and prevent the spread of blight in the project area. The project is made up of ten non-contiguous areas within the city. The plan authorizes the C.R.A. to pursue the elimination of blight through the following:

1. Acquisition of real property.
2. Demolition or removal of buildings and improvements.
3. Rehabilitation of certain structures by private enterprise or public agencies for use in accordance with the plan.
4. Relocation assistance to displaced residential and business occupants, if any.

5. Installation, construction, reconstruction, redesign or reuse of streets, utilities, and other public improvements.
6. Disposition of property acquired for uses in accordance with the plan, and,
7. Redevelopment of land by private enterprise or public agencies for uses in accordance with the plan.

The plan provides that the city may participate in the implementation of the redevelopment project to include but not limited to the following:

1. Institution and completion of proceeding for opening, closing, vacating, widening, or changing the grades of streets, alleys, and other public rights-of-way, and for other necessary modifications of the streets, the street layout, and other public rights-of-way in the project area.
2. Institution and completion of proceedings for changes and improvements in publicly-owned public utilities within or affecting the project area.
3. Appropriate revisions of the general plan and zoning within the project area to permit the land uses and development authorized by the plan.
4. The undertaking and completing of any other proceedings necessary to carry out the project.

In this regard, the city and the C.R.A. have entered into a contract, dated December 1, 1975, whereby the city has agreed to acquire, develop, and thereafter operate and maintain certain public facilities and improvements as specified in the contract. Pursuant to said contracts, the C.R.A. has agreed to reimburse the city for its actual expenditures in connection with any or all of said public facilities and improvements in the total sum of \$5,470,000.

The plan describes in detail the anticipated impact of the redevelopment project on the several neighborhoods in the project area. With

respect to this impact, the plan is designed to minimize relocation activities, improve traffic circulation, improve environmental quality, diversify the type and availability of commercial facilities and services, minimize changes in school population and maintain the quality of education, increase property value in the project area when improvements are completed, and upgrade the physical and social quality of the neighborhoods through improved lighting, increased parking and open-space, improved traffic circulation, and emphasis on "neighborhood type" commercial facilities.

Public Hearings

Aside from the required public hearings held in conjunction with the adoption of the plan, the city council held four additional public meetings during the month of October 1976. These meetings were advertised in local newspapers and additional legal publications where required by municipal code. The purpose of the hearings was to provide information and afford local residents ample opportunities to ask questions regarding the C.R.A. and the tax allocation bond sale.

The C.R.A. has recently been made aware of certain correspondence expressing opposition to implementation of the Covina Revitalization Redevelopment Project No. One. In the opinion of the C.R.A., the factual allegations therein are without substantial merit. Special Counsel to the C.R.A. has advised that the statutory time limitation within which to litigate the facts alleged and legal issues raised in such correspondence, to the extent the same pertain to the validity of the plan, has long since expired.

Moreover, a certificate of a responsible officer of the C.R.A. that there is no litigation pending affecting the validity of the bonds and the opinion of bond counsel that the bonds are a valid and binding obligation of the C.R.A. will be furnished to the purchaser at closing.

THE COVINA REVITALIZATION- REDEVELOPMENT PROJECT NUMBER ONE

The Covina Revitalization-Redevelopment Project Number One is made up of ten non-contiguous areas within the City of Covina. These areas are shown on page 12. The project area is generally characterized by vacant or underutilized parcels, deteriorated building structures, inefficient traffic and parking systems, inadequate utilities, and other physical conditions impeding development or redevelopment by private enterprise.

Subsequent to plan adoption, specific implementation of the plan has been explored through extensive market, environmental, and engineering feasibility studies and protracted negotiations with potential developers regarding leasing or acquisition of properties.

On December 1, 1975, the C.R.A. authorized economic and planning analyses by Barton-Aschman Associates and Stubblefield Associates for the determination of possible specific redevelopment in each of the areas comprising the project. In addition, the City of Covina's planning department prepared an environmental impact report that considered existing environmental conditions in all of the areas as of June 1974, as well as adverse and beneficial impacts of proposed redevelopment activities.

The following is an area-by-area description of the Covina Revitalization-Redevelopment Project No. One including illustrative projects which have been considered as potential redevelopment undertakings which could be financed with proceeds from the sale of the bonds.

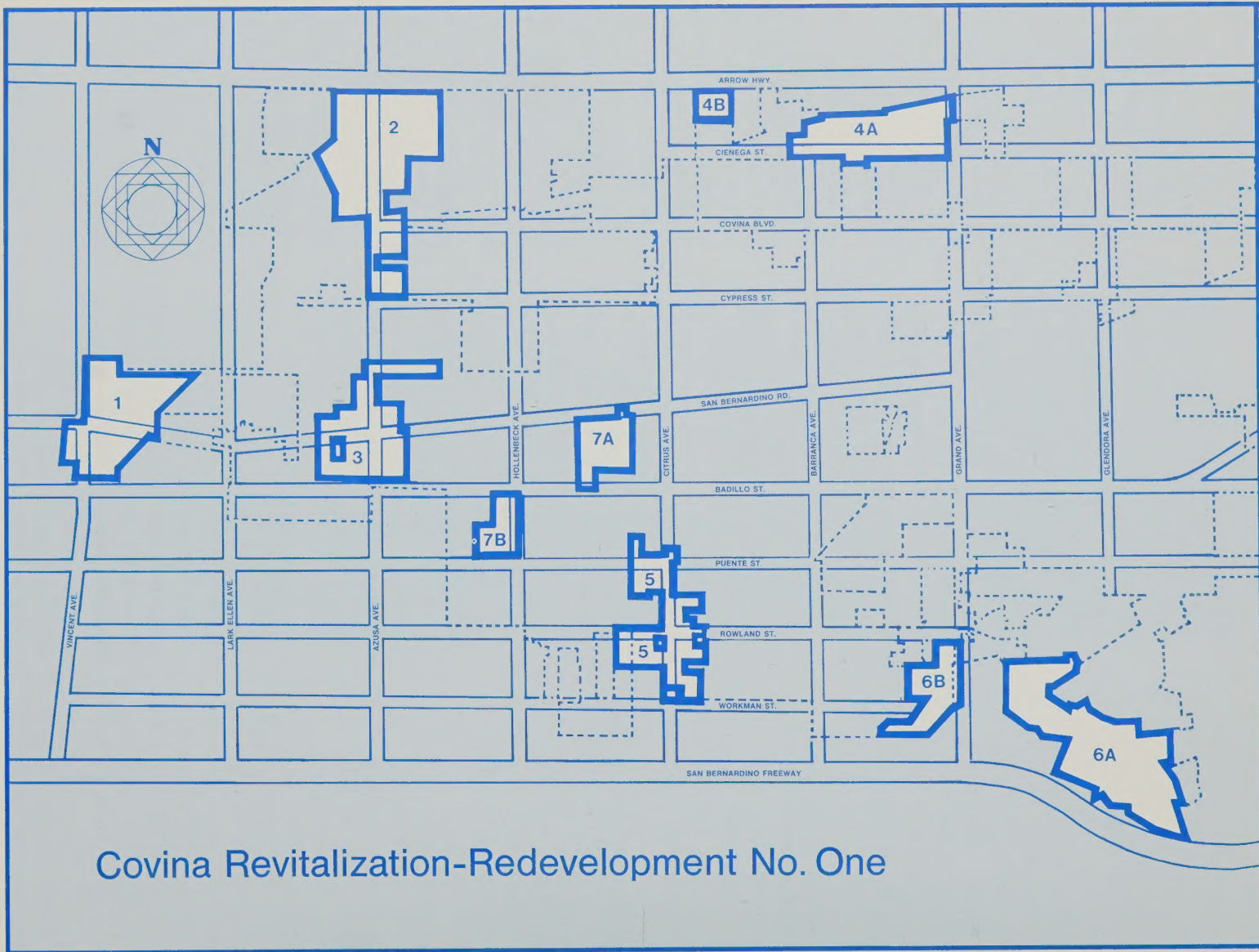
Areas Comprising the Project

Area 1 is an industrial sub-area of Covina and is characterized by a variety of building types, parcel sizes, and land uses. The existing development is oriented toward light industrial uses and convenience-shopping.

The environmental impact study cited the area as having inadequate street systems, unproductive land, and deteriorating buildings. A portion of bond proceeds will be used for street construction and repair and installation of traffic signals. These improvements are designed to upgrade traffic circulation through the industrial park area. Based on bids already received by the C.R.A., these improvements are estimated to cost approximately \$200,000.

Area 2 contains primarily commercially zoned properties with no industrial activity. Azusa Avenue, the major arterial bisecting Area 2 has an impact on the initial attitudes and impressions of those entering Covina from the north. There are several large vacant tracts adjacent to existing commercial development which offer opportunities for commercial development. A flood control channel traverses the area limiting capacity for development of the land. The area also has topographic variations that further complicate the development of some attractive locations. The environmental impact report lists lack of recreational opportunities, poor landscaping, and irregularly shaped lots as additional problems within the area. The C.R.A. has engaged in negotiations regarding acquisition and development activity which would accommodate a sizeable commercial development adjacent to the existing Sears outlet. It is anticipated that some portion of the bond proceeds will be expended in connection with the acquisition and site improvement of this area.

Covina Revitalization-Redevelopment No. One



Area 3 contains a mixture of commercial and industrial activity and one small residential development. The area has a small industrial site with deteriorating buildings, serious street deficiencies including traffic control problems, and inadequate water service. It is anticipated that approximately 500 feet of frontage along Azusa Avenue will be made suitable for commercial development through acquisition of property and improvement of vehicular access at an estimated cost of \$400,000.

Area 4a is characterized by a small commercial strip, an elementary school, and a large vacant parcel belonging to the school. Presently, the area is underutilized, suffers from drainage problems and does not have access to adequate utilities. It is anticipated the school parcel will be purchased, improved and offered for resale as an industrial park.

Area 4b is part of the Arrow Highway commercial strip with a portion of the commercial development consisting of converted residential structures. Landscaping in the site is minimal and several parcels are subject to drainage problems. It is proposed that approximately \$20,000 of bond proceeds will be used to provide rear access to the commercial area and to resolve drainage problems to provide for additional land utilization.

Area 5 is a mixture of commercial and residential land uses, including a concentration of auto dealerships. It lies between the Covina central business district to the north and a major shopping center in West Covina to the south. Several large vacant parcels still exist that do not possess requisite public utilities for development. It is anticipated that proceeds from the bond issue will be expended for the acquisition and development of this land for commercial use.

The C.R.A. recently expended \$17,640 to facilitate the completion of the new Terrado Plaza. A few deteriorated commercial establishments still exist in the area. It is anticipated that future efforts will encourage upgrading of this area.

Area 6a includes the site of a Baptist Seminary and lies just north of the San Bernardino Freeway (I-10) at the intersection of Holt Avenue. Except for the buildings on the seminary campus, this property is vacant.

The area generally is well-wooded and contains a variety of vegetation. The site is underutilized owing to inadequate street and public utility systems. The C.R.A. and Republic Development Corporation have initiated negotiations regarding the development of this site. It is anticipated that a portion of bond proceeds will be used to acquire land and effect street, public utility and flood control improvements that could accommodate an office park complex, a major hotel-inn and attendant restaurant.

Construction is expected to commence on a housing development and tennis club in January, 1977, with a projected valuation of over \$5.5 million.

Area 6b lies between Rowland and Workman Streets, to the west of Grand Avenue. This underdeveloped hilly site contains a large cliff, many large trees and is surrounded on two sides by residential development consisting of homes 20-25 years old. In addition, there are well-maintained apartments to the west of the vacant parcels. Construction of a residential development of 55 homes in the northerly portion of Area 6b is near completion.

Area 6b has a large, open flood control spreading basin that constitutes an attractive nuisance. The C.R.A. proposes to develop the spreading basin into the Walnut Creek Wilderness Park at a cost of approximately \$100,000, rendering a blighted area suitable for use by the public. Plans for the effective utilization of this area have been developed and construction is expected to begin in 1977.

Area 7a is principally occupied by medical service facilities and offices associated with the Inter-Community Hospital on College Street and Fourth Avenue. Additionally there is a concentration of senior citizen housing in the area. Many residential structures have been converted to offices and medical laboratories. The Inter-Community Hospital along with about 20 residential and office structures occupy the easterly portion of the project area with Covina Park occupying the westerly portion. The development of a senior citizens' community service center is proposed at a cost of \$160,000.

Area 7b consists of the Covina City Yard, which occupies the southerly part of the area, and recent condominium and office developments occupying the northerly portions. The relocation of the existing city yard is proposed to accommodate land uses more compatible with the vicinity. New development would chiefly consist of townhouses and single-family detached housing. Upon relocation of the city yard, it is anticipated that the C.R.A. will acquire the site and make it available for residential development.

Application of Bond Proceeds

Table 3 summarizes the proposed application of bond proceeds. A bond reserve equal to the maximum annual debt service will be established.

C.R.A. Revenues and Expenses

As indicated in Table 4, the C.R.A. collected \$339,097 tax increment for fiscal year 1975/76. These funds have been used to reimburse the city for a \$30,000 advance paid out of the general fund in fiscal year 1974/75 and for \$9,000 interest on a \$300,000 loan made to C.R.A. from the water improvement fund during and for fiscal year 1975/76. Over 20% of the funds received to date have been obligated toward consulting services for financing, planning, and development studies for the project area. A share of the income received to date has been carried over to fiscal year 1976/77 in preparation for plan implementation.

TABLE 3
SUMMARY OF PROPOSED APPLICATION OF BOND PROCEEDS

Land Acquisition and Site Improvements	
Area 1	\$ 200,000
Area 2	2,518,000
Area 3	400,000
Area 4a	1,750,000
Area 4b	20,000
Area 5	295,000
Area 6a	440,000
Area 6b	100,000
Area 7a	160,000
Area 7b	360,000
Total Land Acquisition and Site Improvements	\$6,243,000
Bond reserve*	\$ 631,400
Legal, financing and incidentals	125,600
Total Project Cost and Bond Issue Requirement	\$7,000,000

* Represents highest possible annual debt service based on 8% interest.

TABLE 4
COVINA COMMUNITY REDEVELOPMENT AGENCY
INCOME STATEMENT

	1974/75	1975/76	1976/77 (Oct. 31, 1976)
Revenues			
City General Fund transfer	\$30,000	\$ —	\$ —
Balance brought forward	—	3,883	148,199
Interest	—	2,088	1,828
Tax increment	—	339,097	8,321*
Total Revenues	\$30,000	\$345,068	\$158,348
Expenses†			
Salaries	\$13,263	\$ 41,641	\$ 8,359
Employee Benefits	—	8,855	—
Reimbursed P.E.R.S.	—	3,882	—
Consulting services	9,337	60,860	9,946
Public involvement	355	2,266	555
Development promotion	—	12,715	—
Loan repayment (General Fund)	—	30,000	—
Interest on Water Improvement Fund loan	—	9,000‡	—
Office equipment and rental	2,645	2,029	—
Utilities	—	6,740	—
Street improvements (Terrado Plaza)	—	17,640	—
Miscellaneous	517	1,241	—
Total Expenses	\$26,117	\$196,869	\$ 18,860
Balance	\$ 3,883	\$148,199	—

* Additional tax increment of \$137,570 collected in November 1976 have been captured for fiscal agent.

† Represents reimbursement of expenses incurred by the city.

‡ Interest on \$300,000 water improvement fund transfer effected July 1, 1975 and paid June 30, 1976. Source: Finance officer, City of Covina.

ESTIMATED TAX REVENUES AND BOND RETIREMENT

The California Community Redevelopment laws (Section 33670 of the Health and Safety Code) provide a means of financing redevelopment projects based upon the allocation of property taxes collected within a project area. The frozen tax base multiplied by the tax rate applicable in any future year will produce the base levy which goes to the taxing entities. The tax revenue produced by multiplying any increases in assessed valuation over the frozen tax base by the current tax rate are paid to the agency and may be pledged by the agency to the repayment of any indebtedness incurred in financing or refinancing the project. Redevelopment agencies themselves have no authority to levy taxes but depend principally upon such allocation of tax revenues for the repayment of debt.

Assessed Valuation and Tax Increments

The Assessor of Los Angeles County assesses all taxable property in the project area except public utility property, which is assessed by the State Board of Equalization at 25% of market value. The State Board of Equalization reports that the 1976/77 Los Angeles County assessed valuation averages 27.5% of market value. The valuation of secured property is established as of March 1 of each year, is subsequently equalized in August, and the first installment of taxes becomes payable the following November. Taxes are due to be received by the Los Angeles County Tax Collector on or before the delinquency dates of December 10 and April 10 for each installment of the taxes levied. Taxes on unsecured property (personal property and leaseholds) are due on August 31 of each year based on the preceeding fiscal year's tax rate.

The assessed valuation in the project area was frozen in 1973/74 (the base year) at \$12,479,020. The 1975/76 assessed valuation for revenue purposes was \$15,163,165, producing a taxable increment of \$2,684,145 which yielded a tax allocation to C.R.A. of \$347,419. A delinquency of approximately 2.9% was reported for secured tax levies in the redevelopment project areas for that fiscal year.

The Los Angeles County Assessor modified the base year assessed valuation to \$12,322,890 based on parcel reassignment. In August 1975, a parcel in Area 5 was divided resulting in the elimination of \$174,000 land and improvements assessed valuation. In November 1975, two parcels amounting to \$18,370 assessed valuation were added to Area 2. The current year's (1976/77) assessed valuation for revenue purposes is \$16,235,359 producing a \$3,912,469 increase over the base year assessed valuation. This increment should yield a tax allocation of \$514,529 based on a representative tax rate of \$13.1510. Of this amount, \$137,570 of unsecured taxes were transmitted to the C.R.A. fund in November 1976 to be held for the fiscal agent for the first debt service on this issue.

The Los Angeles County Auditor-Controller's office has effected a new community redevelopment agency property tax distribution schedule which goes into effect this fiscal year. The November payment of unsecured taxes represents the first departure from previous allocation payment schedules. The balance of unsecured taxes from the prior fiscal year will be paid out in September, 1977 and annually thereafter. The secured taxes will be forwarded to the C.R.A. and other like agencies in two major installments: 50% of the tax levy in February and the remaining 50% in June. The balance due from the second major payment will be forwarded in September along with the unsecured balance. This collection procedure facilitates the cash-flow for bond service.

Anticipated Tax Increment Increases

Table 5 displays the prior and anticipated tax increments based on changes in assessed valuation over the 1973/74 base year. The assessed valuations in 1977/78 should increase \$1,230,675 based on several major activities that should be completed and on the tax rolls by March 1977.

These activities and the 1978/79 increment increases have been documented by the redevelopment fiscal and administrative consultant to the C.R.A., James G. Magner, in a report to the city dated November 18, 1976.

Activities which should affect the 1977/78 assessment rolls include the construction of a 38-unit apartment complex in Area 4a by the Konwiser Corporation. The foundations are in place and construction should be completed by February, 1977 at an estimated assessed value of \$227,675. Mayer Construction is nearing completion of 22 single-family houses in Area 5 with occupancy allowable in January, 1977, increasing the project area's assessed valuation by \$253,000. Mayer Construction is working on an additional 55 homes in Area 6b with completion scheduled in January, 1977 at an estimated assessed value of \$640,000. These developments represent an increase in assessed valuation of \$1,120,675 based upon building permit valuations.

Although there are a variety of additional factors expected to increase assessed valuation in more moderate amounts, Mr. Magner reports one additional item relating to inventories. At the time of plan adoption, White Front Stores was operating a major discount department store operation. Subsequently, this operation ceased doing business and its decline is reflected in the 1975/76 valuations. In August, 1976 Fed Mart took over the facility and has restored the sizable inventories not reflected in the 1975/76 assessed values. Assuming an inventory approximating its predecessor, the assessed valuation should increase by \$110,000 by March, 1977 bringing the above-mentioned increase in assessed valuation for 1977/78 over 1976/77 to \$1,230,675.

Expansions expected to occur from March through December, 1977 should increase the 1978/79 assessed valuation over the base year an additional \$2,137,500. Cutter Laboratories has initiated a \$2.2 million expansion program in Area 1. Upon completion of this project, Mr. Magner has projected an increase in secured assessed valuation of \$550,000. The anticipated increase in unsecured valuations representing inventories and equipment has not been utilized in Mr. Magner's calculations.

Kal-South Development Corporation expects to begin construction of 27 single-family homes in Area 6a with a total permit valuation of \$1,710,000. The final tract map has been approved and permits issued. The resultant assessed valuation should be \$427,500. Republic Development Corporation has plans in review and has obtained financing for 61 single-family homes in Area 6a. The total sales price of these units are projected at \$4,445,000. Additionally, Republic has obtained financing to construct apartments and a tennis club at an estimated cost of \$1,335,550. The total projected increase in assessed valuation is \$1,160,000.

In summary, the 1976/77 tax increment of \$514,529 should increase during fiscal year 1977/78 to \$676,375 and during fiscal year 1978/79 to \$957,478. Mr. Magner's report does not attribute any increases to reassessments reflecting inflationary trends.

Cash Flow for Bond Retirement

Table 6 presents the anticipated cash flow to meet debt service on the bonds. The first debt service payment will be met using tax allocation dollars totaling \$709,851. This amount consists of \$58,322 captured from fiscal year 1975/76, \$514,529 expected in 1976/77, and \$137,000 unsecured 1977/78 taxes to be disbursed in November 1977. The C.R.A. has already collected \$195,892 which is being held for the fiscal agent for the first debt service requirement. Funds expected to be available by January 1, 1978 exceed

the first debt requirement by 1.27 times.

The next debt payment of \$280,000 is due July, 1 1978. Before this payment is due, the \$149,851 carryover from the first payment will be augmented by \$539,375 secured taxes due in fiscal year 1977/78 to be disbursed to the C.R.A. in February and June 1978. The remaining \$409,226 after debt payment will be increased to \$546,226 using

1978/79 unsecured taxes due in November 1978. Funds available by January 1, 1979 are expected to exceed the third debt payment of \$345,000 by 1.58 times. The remaining debt payment of \$277,400 shown on Table 6 is expected to be met using a portion of the anticipated \$1,021,704, leaving a balance in the Bond Interest Account of \$744,034.

TABLE 5
ACTUAL AND PROJECTED GROWTH IN
ASSESSED VALUATION AND TAX ALLOCATION

Year	Assessed Valuation	Increase Over Base Year Assessed Valuation	Tax Allocation
ACTUAL			
1973/74	\$12,322,890*	\$ —	\$ —
1975/76	15,163,165	2,684,145*	347,419
1976/77	16,235,359	3,912,469	514,529
PROJECTED			
1977/78	17,466,034	5,143,144	676,375†
1978/79	19,603,534	7,280,644	957,478†

* Original base year assessed valuation of \$12,479,020 subsequently modified by Los Angeles County Assessor as shown.

† Projected tax allocation based on projected increase in assessed valuation as documented by Redevelopment Fiscal and Administrative Consultant and based on representative tax rate of \$13.1510 per \$100 of assessed valuation.

TABLE 6
ESTIMATED CASH FLOW FOR AGENCY TAX REVENUES
AND DEBT SERVICE

Fiscal Year	Tax Allocation Available for Debt Service*	Debt Service Requirements†	Balance in Bond Interest Account
1976/77			
11/76	\$195,892‡	\$ —	\$ —
2 and 6/77	376,959	—	—
1977/78			
11/77	137,000	—	709,851
1/78	—	560,000	149,851
2 and 6/78	539,375	—	—
1978/79			
7/78	—	280,000	409,226
11/78	137,000	—	—
1/79	—	345,000	201,226
2 and 6/79	820,478	—	—
1979/80			
7/79	—	277,400	744,304

* Tax distributions made in November of each year pertain to unsecured levies, those made in February and June of each year are from secured rolls. Delinquencies for both rolls are disbursed to redevelopment agencies in September of the next fiscal year.

† Debt service calculated on 8% interest maximum allowable. Principal matures on January 1 beginning 1979.

‡ Includes \$137,570 unsecured taxes collected November 1976 and \$8,322 delinquent taxes previously collected, plus \$50,000 provided from 1975/76 tax allocation dedicated toward debt service.

CITY ORGANIZATION AND FINANCIAL DATA

City Government

The City of Covina is a general law city operating under the council-manager form of government. The voters of Covina elect five council members by popular vote on a non-partisan basis for staggered terms of four years. The council enacts all local laws, approves the city budget, appoints the city manager, and adopts the city tax rate.

City Employees

The City of Covina employs over 220 people to administer, maintain, protect and provide services to its citizens. Although the agency does not maintain any staff, the following information regarding the city's retirement system is set forth.

The City under the terms of the Public Employees' Retirement System of California (P.E.R.S.) provides a retirement plan covering all full-time employees. The total city contribution to P.E.R.S. in fiscal year 1975/76 was \$400,580; accompanied by \$272,227 contributed by employees. The percentage of salary to be contributed in 1976/77 by the city will be 12.7% for safety employees, and 11.2% for others and the percentage of salary contributed by employees will be 5.9% to 10.2% for safety categories and 7% for others.

P.E.R.S. is required by State law to undergo a system evaluation at least every four years. Periodic intervening checks of actuarial assumptions and other aspects of the system are also made. Coopers & Lybrand's fiscal-year audit for June 30, 1975, reported an accrued actuarial liability and present value of benefits for active and inactive members totaling approximately \$12.7 billion. Assets available for benefits were placed at about \$6.85 billion leaving an unfunded liability of about \$5.85 billion.

Upon completion of the 1975 system-wide valuation, actuaries then determined that restoration and

maintenance of the system's necessary balances required a three-step annual increase of the 1% average percentage employer contribution beginning July 1, 1976.

Assessed Valuation

The City of Covina utilizes the facilities of Los Angeles County for the assessment and collection of taxes for city purposes. City taxes are assessed and collected at the same time and on the same tax rolls as are county, school, and special district taxes.

The State Board of Equalization (SBE) reports the 1976/77 Los Angeles County assessed valuation to average 27.5% of market value while public utility property is assessed by the SBE at 25% of market value.

Under amendments adopted in 1968 to the Constitution and Statutes of the State of California, two types of exemptions of property from ad valorem taxes were authorized beginning in the taxable year 1969/70. The first of these exempts 50% of the assessed valuation of business inventories from taxation. The second provides for exemption of \$1,750 of the assessed valuation of an owner-occupied dwelling for which application has been made to the county assessor. Revenue estimated to be lost to local taxing agencies due to such exemptions, however, is to be reimbursed from state sources. Such reimbursement is based upon total taxes due upon such exempt values and therefore is not reduced by any amount for estimated delinquencies.

Table 10 presents the assessed valuation growth for the City of Covina for the last five years. The total assessed valuation has appreciated over 30% during the past five years with secured property growing over 28% and unsecured appreciating nearly 50%. Growth per year has averaged over 6%.

TABLE 7
CITY OF COVINA
SECURED TAX LEVIES AND DELINQUENCIES

Fiscal Year	Secured Tax Levies	Delinquencies	
		Amount	Percent
1970/71	\$1,046,563	\$13,774	1.32%
1971/72	1,069,032	16,029	1.50
1972/73	1,078,914	10,103	0.94
1973/74	1,011,946	12,799	1.26
1974/75	1,113,712	13,906	1.25
1975/76	1,125,997	7,668	0.68
1976/77	1,250,048	—	—

Source: Los Angeles County Auditor-Controller's Office.

TABLE 8
REPRESENTATIVE 1976/77 TAX RATES APPLICABLE TO THE
COVINA REVITALIZATION-REDEVELOPMENT PROJECT AREA

Los Angeles County Tax Code Area	3021
Total Assessed Valuation	\$14,459,629
Los Angeles County	\$ 4.4576
City of Covina	1.5800
County School Services	0.0565
County Flood Control*	0.3131
County Sanitation District*	0.2713
Covina Valley Unified School District	5.2697
Handicapped Education	0.2855
Metropolitan Water District	0.2000
Mt. San Antonio Community College District	0.7073
Upper San Gabriel Valley Water District	0.0100
Totals	\$13.1510

* Taxes levied on land and improvements only.

Source: Los Angeles County Auditor-Controller's Office.

TABLE 9
CITY OF COVINA
TAX RATES AND TAX RATE
COMPONENTS

TAX RATES	
Fiscal Year	Tax Rate
1970/71	\$1.45
1971/72	1.45
1972/73	1.43
1973/74	1.41
1974/75	1.39
1975/76	1.57
1976/77	1.58

TAX RATE COMPONENTS 1976/77	
Fund	Tax Rate
General Fund	\$0.73
Public Library	0.17
Parks and Recreation	0.29
Retirement Fund	0.36
1962 Library Bonds	0.03
Total	\$1.58

Source: City of Covina.

TABLE 10
CITY OF COVINA ASSESSED VALUATIONS

	Local Secured	Utility	Unsecured	Total Assessed Valuation for Revenue Purposes*
1972/73	\$71,281,880	\$8,849,680	\$ 9,651,348	\$ 89,782,908
1973/74	74,426,915	8,878,970	10,218,867	93,524,572
1974/75	82,186,635	9,364,380	10,796,960	102,347,975
1975/76	84,251,140	8,979,640	13,615,543	106,846,323
1976/77	93,508,900	9,169,010	14,437,576	117,115,486

* Before homeowners and business exemptions.

Tax Rates, Levies and Delinquencies

Table 9 presents the change in tax rates levied by the city and the tax rate components for the current fiscal year. The major changes in the city tax rate since fiscal year 1973/74 are due to a 23¢ increase in the general fund rate and a 6¢ increase in the retirement fund tax rate.

These increases have been partially offset by decreases in the public library and parks and recreation categories.

Table 8 presents the representative tax rate for the C.R.A. The tax code area 3021 constitutes 90% of the agencies' total assessed valuation. The C.R.A. has 12 other tax code areas that have a range of tax rates from \$12.6945 to \$13.9075.

Table 7 documents the secured tax levies and delinquencies for the city. The delinquency rate for the city has not exceeded 1.5% for the last six years.

Major Taxpayers

Major taxpayers in the redevelopment project areas are listed in Table 11. The two major taxpayers include Sears, Roebuck & Co. and Resiflex Laboratory at \$1,777,160 and \$1,564,355 total assessed valuation, respectively. These amounts constitute 11% and 9.5% of the project area's total assessed valuations, respectively. The Sears, Roebuck & Co. outlet has assets exceeding a full market value of \$7 million and is interested in remaining at its present location. In addition, Resiflex Laboratory has begun construction on a \$2.2 million expansion on their existing Cutter Laboratories. The remaining major taxpayers range in assessed valuation from \$653,860 to \$284,350 thus contributing from 4% to less than 2% to the total taxes collected.

City of Covina Income Statements

Table 12 presents revenues and expenses for the city's general fund for the last five years and the current year's projected amounts. The largest source of revenue for the city is sales tax, which has comprised an average of 45% of all revenues. The greatest expense for the city has been for public safety, which has demanded nearly 45% of expendable revenues.

Table 13 documents the revenues and expenses for all funds of Covina.

Table 14 presents the fund balances for the end of the last fiscal year.

TABLE 11
1976/77 MAJOR TAXPAYERS IN THE
COMMUNITY REDEVELOPMENT AGENCY

<i>Property Owner</i>	<i>Activity</i>	<i>Assessed Valuation for Revenue Purposes</i>
Sears Roebuck & Co., Alhambra, Calif.	Commercial	\$1,777,160
Resiflex Laboratory (Cutter Labs), Berkeley, Calif.	Manufacturing Industrial	1,564,355
Security First R.E.I.T. (Fed Mart), San Diego, Calif.	Commercial Retail	653,860
Carl Breer, Long Beach, Calif.	Manufacturing Industrial	501,380
ICN Real Estate, Inc., Irvine, Calif.	Manufacturing Industrial	427,750
American Cycle Systems, Covina, Calif.	Manufacturing Industrial	415,562
Joseph K. Eichenbaum (Oak Tree Shopping Center), Beverly Hills, Calif.	Commercial Retail	374,795
Maryland Properties (Terrado Properties), Woodland Hills, Calif.	Commercial Office	326,750
Sav-On Realty, Inc. (Sav-On Drugs), Marina Del Rey, Calif.	Commercial Retail	321,075
Elmer F. Deal, Springfield, Oregon	Manufacturing Industrial	284,350

Source: City of Covina.

TABLE 12
CITY OF COVINA
GENERAL FUND INCOME STATEMENT

	1971/72*	1972/73†	1973/74†	1974/75†	1975/76†	Proposed 1976/77‡
REVENUES						
Balance brought forward	\$ 288,968	\$ 58,836	\$ 170,878	\$ 177,899	\$ 118,055	\$ 67,509§
Property taxes	611,340	535,618	482,316	468,163	680,448	872,640
Sales tax	1,465,203	1,660,168	1,813,903	1,769,994	1,890,926	1,980,000
Utility franchises	44,994	49,062	52,662	62,474	71,074	78,400
Business licenses	128,059	132,838	132,669	137,495	139,102	139,500
Miscellaneous permits and licenses	81,054	105,566	93,571	87,433	95,995	139,200
Miscellaneous services	67,046	33,427	94,664	65,276	70,541	35,000
Court fines	26,297	26,136	31,631	28,369	31,001	30,000
Interest earned	30,751	42,301	117,713	102,734	49,218	60,000
State motor vehicle licenses	231,484	255,415	302,441	289,627	315,861	353,000
Cigarette taxes	171,366	172,117	171,445	159,304	164,612	170,000
Refuse charges	281,596	315,604	324,691	366,004	372,503	—
Sundry revenue receipts	328,170	74,899	68,546	88,430	83,216	731,652
C. R. A. project	—	—	—	—	300,000	—
Cashiers adjustments	—	25	56	12	(23)	—
Federal grants	—	—	—	5,721	—	—
Total Revenues	\$3,756,328	\$3,462,012	\$3,857,186	\$3,808,935	\$4,382,529	\$4,656,901
EXPENSES						
General government	\$ 552,467	\$ 574,319	\$ 738,903	\$ 823,959	\$1,129,989	\$1,148,795
Public safety	1,581,391	1,656,132	1,862,817	2,177,878	2,347,292	2,427,039
Public works	950,260	920,979	1,031,410	1,172,839	1,112,894	817,593
Capital projects	385,755	72,447	198,844	67,834	475,435	54,652
Prior year expenses	57,426	110,897	241,537	217,669	113,828	—
Expenditure recovery	328,170	74,899	68,547	88,432	83,241	—
Total Expenses	\$3,855,469	\$3,409,671	\$4,142,058	\$4,548,611	\$5,262,679	\$4,448,079
CHANGES IN FUND BALANCE						
Revenues	\$3,756,328	\$3,462,012	\$3,857,186	\$3,808,935	\$4,382,529	\$4,656,901
Expenses	(3,855,469)	(3,409,671)	(4,142,058)	(4,548,611)	(5,262,679)	(4,448,079)
Encumbrances	(54,854)	(118,657)	(139,083)	(16,972)	(14,427)	—
Interfund transfers and adjustments	212,831	237,194	601,854	874,703	1,039,305	—
Ending Fund Balance	\$ 58,836	\$ 170,878	\$ 177,899	\$ 118,055	\$ 144,728	\$ 208,822

* Source: Compiled from audit report prepared by Pyle, Schlinger & Goddard, Certified Public Accountants.

† Source: Audit reports prepared by Rogers, Peterson, Couch and DeMirjyn Accountancy Corporation, Certified Public Accountants (formerly Rogers, Peterson and Daubenbis).

‡ Source: City of Covina budget proposal.

§ Estimated prior to audit completed June 30, 1976.

TABLE 13
CITY OF COVINA
INCOME STATEMENT (ALL FUNDS)*

	1971/72	1972/73	1973/74	1974/75	1975/76	Proposed 1976/77
REVENUES†						
General Fund	\$3,467,360	\$3,403,176	\$3,686,308	\$3,631,036	\$4,264,474	\$4,589,392
Public Library Fund	234,134	247,078	270,888	286,477	270,783	251,560
Public Recreation Fund	276,012	341,764	335,207	397,992	383,364	355,670
Retirement Fund	187,861	227,409	261,632	328,406	366,122	471,438
Traffic Safety Fund	68,853	88,908	151,572	190,961	220,444	235,000
County Gas Tax Fund	47,982	48,571	54,384	53,321	47,922	48,160
State Gas Tax Fund	148,953	149,057	146,099	146,396	141,878	300,535
State Gas Tax Select Systems	153,076	220,344	305,774	150,625	148,320	—
Federal Revenue Sharing	—	392,558	372,574	394,874	367,935	365,000
Public Employees and C. E. T. A.	90,000	121,989	60,680	83,989	163,748	—
Special assessment fund	34,976	38,792	24,084	21,249	12,992	—
Bond redemption and interest	29,205	30,889	31,005	25,655	25,853	28,350
Water Fund	739,119	780,401	797,653	918,726	1,050,391	—
Equipment Fund	536	849	915	1,162	1,555	—
Housing and community redevelopment	—	—	—	—	25,785	—
LEAA Grant Fund	—	—	—	—	40,700	—
C. R. A. Fund	—	—	—	—	782,998	500,000
Special deposit	164,796	119,235	169,792	180,097	310,419	—
Other funds	31,123	112,849	137,363	82,318	28,786	27,700
Total Revenues	\$5,673,986	\$6,323,869	\$6,805,930	\$6,893,284	\$8,654,469	\$7,172,805
EXPENSES						
General Fund	\$3,855,469	\$3,409,671	\$4,142,058	\$4,548,611	\$5,262,679	\$4,448,079
Public Library Fund	242,404	250,021	255,975	270,707	295,707	259,873
Public Recreation Fund	306,620	317,465	341,794	370,882	391,172	366,102
Water Improvement Reserve	29,211	48,179	52,324	105,116	56,315	—
Retirement Fund	219,848	211,596	283,491	360,504	397,477	469,660
Traffic Safety Fund	29,712	36,564	40,030	44,365	46,196	47,200
State Gas Tax Fund	135,117	6,000	6,000	6,000	—	210,265
State Gas Tax Select Systems	22,203	164,433	432,204	167,316	82,645	—
Federal Revenue Sharing	—	—	—	437,048	302,891	293,630
Public Employees and C. E. T. A.	71,140	108,276	62,591	69,731	133,923	—
Special assessment fund	39,834	33,296	34,173	18,835	13,961	—
Bond redemption and interest	43,961	42,657	42,131	25,388	25,075	24,750
Water Fund	548,323	574,449	670,527	675,992	822,994	—
Equipment Fund	(21,868)	(67,036)	658	32,875	1,838	—
Housing and community redevelopment	—	—	—	—	27,398	—
LEAA Grant Fund	—	—	—	—	38,862	—
C. R. A. Fund	—	—	—	26,117	841,607	45,933
Special deposit	123,711	154,722	164,550	169,189	262,764	—
Other	34,676	81,872	102,061	162,458	353	7,510
Total Expenses	\$5,680,361	\$5,372,165	\$6,630,567	\$7,491,134	\$9,003,857	\$6,173,002
CHANGES IN FUND BALANCE						
Prior year balance	\$ 949,660	\$ 802,307	\$1,517,949	\$1,678,112	\$1,263,761	\$ 537,271‡
Revenues	5,673,986	6,323,869	6,805,930	6,893,284	8,654,469	7,172,805
Expenses	(5,680,361)	(5,372,165)	(6,630,567)	(7,491,134)	(9,003,857)	(6,173,002)
Encumbrances	(140,978)	(204,042)	(262,857)	(64,204)	(108,195)	—
Interfund transfers and adjustments	—	(32,020)	247,657	247,703	404,145	(598,930)
Ending Fund Balance	\$ 802,307	\$1,517,949	\$1,678,112	\$1,263,761	\$1,210,323	\$ 938,144

* Source: Compiled from annual audits as identified in footnotes to Table 12.

† Revenues cited before prior years' balance brought forward.

‡ Reflects only general government fund balances.

TABLE 14
CITY OF COVINA
FUND BALANCES AS OF JUNE 30, 1976

General Fund	\$ 144,728
Public Library Fund	21,373
Public Recreation Fund	34,035
Water Improvement Fund	463,665
Retirement Fund	46,818
Traffic Safety Fund	4,326
State Gas Tax Select Systems	208,976
Federal Revenue Sharing	(3,175)
Bond redemption and interest	(2,173)
Water Fund	35,404
Equipment Fund	80,251
Housing and community redevelopment	(1,613)
LEAA Grant Fund	8,898
Special assessment fund	6,740
C.E.T.A. Program	196
Special deposit	46,935
Other funds	(15,464)
Total City Funds	\$1,062,124
C.R.A. Fund	148,199
Total All Funds	\$1,210,323

Source: Audit report for City of Covina prepared by Rogers, Peterson, Couch and DeMirjyn, Accountancy Corporation, Certified Public Accountants.

Direct and Overlapping Bonded Debt

Table 15 presents Covina's direct and overlapping bonded debt. Calculations are based on 1975/76 assessed valuations, except for the Los Angeles Building Authority, Flood Control District, County, and Metropolitan Water District categories which are based on this year's assessed valuation. The city's direct debt amounts to \$2,320,000; indirect bonded debt totals \$8,138,782.

TABLE 15
CITY OF COVINA
DIRECT AND OVERLAPPING BONDED DEBT*

Estimated 1976 population	32,870	
Total assessed valuation (1976/77)	\$117,115,486†	
Estimated market value	\$429,200,900‡	

Entity	Percent Applicable§	Debt Applicable December 28, 1976
Los Angeles County	0.404%	\$ 85,220¶
Los Angeles County Building Authorities	0.404	793,788
Los Angeles Flood Control District	0.435	2,090,248
Metropolitan Water District	0.260	1,409,535
Sanitation District No. 22	14.403	346,390
Citrus Junior College District	0.402	13,386
Covina Union High School District	29.649	659,681
Azusa Unified School District	1.423	23,024
Charter Oak Unified School District	212.967	788,444
Covina-Valley Unified School District	31.006-212.864	1,929,096
City of Covina	100.	2,320,000
Total Gross Direct and Overlapping Bonded Debt		\$10,458,782

	Ratios to		
	Assessed Valuation	Market Value	Per Capita
Direct debt	1.98%	0.54%	\$ 71
Total debt	8.93	2.44	318
Assessed valuation	—	—	3,563

SHARE OF AUTHORIZED AND UNSOLD BONDS:	
Metropolitan Water District	\$949,000
Los Angeles County Flood Control District	\$291,233
Charter Oak Unified School District	\$234,938

* Compiled by California Municipal Statistics, Inc.

† Excluding unsecured property and before homeowners' and business inventory exemptions.

‡ Based on assessment at 27.5% of market value, except for utility valuation at 25% of market value.

§ Except for Los Angeles County, Los Angeles Flood Control District, Los Angeles Building Authorities and Metropolitan Water District, the percent applicable is based on 1975/76 assessed valuation.

¶ Excludes \$238,113,959 share of Los Angeles County lease-purchase obligations (\$961,980).



THE CITY AND VICINITY

The following statements concerning the City of Covina and vicinity are included only for the purpose of supplying general information. The Bonds are not an obligation of the City of Covina.

The City of Covina is located in the San Gabriel Valley, about 23 miles east of Los Angeles and 450 miles southeast of San Francisco. The city encompasses approximately six square miles at an elevation of 558 feet above sea level. The city was originally settled for agricultural purposes and by 1906 had become the largest shipper of oranges in the county and the third largest shipper in the world. The prosperity of the citrus industry was the foundation of the growth Covina experienced after the turn of the century. Agricultural uses gradually gave way to residential development as transportation networks linking Covina to other sectors in the area were constructed.

The City of Covina was recognized in the August, 1975 issue of Ladies' Home Journal as one of America's top 15 suburbs. Covina was described as "an older city of 32,000 that has managed to retain its identity in the sprawling San Gabriel Valley, with its 750,000-plus population. Although surrounded by cities, Covina has maintained a certain small-town quality."

Population

Table 16 illustrates population growth in the city from 1950 through 1976. Although population in the county has decreased slightly in the last few years, the city's population has maintained a steady growth rate.

**TABLE 16
POPULATION**

	City of Covina	Los Angeles County
1950	3,956*	4,151,687*
1960	20,124*	6,038,771*
1970	30,395*	7,040,335*
1976	32,870†	6,963,600‡

* Source: U.S. Census Bureau.

† Source: Los Angeles County Regional Planning Department.

‡ Source: State of California Department of Finance.

Employment

The City of Covina lies in the eastern section of the San Gabriel Valley. This valley is one of the oldest industrial centers of Southern California. The primary contributor to the area's economy is manufacturing, although the transportation, communications, utilities, and services sectors have been a steady source of new employment.

The State of California Employment Development Department compiles statistics for counties in the state. Recent statistics for Los Angeles County are presented in Table 17. Consistent with the rest of the San Gabriel Valley, the county's largest employer is manufacturing with wholesale and retail trade a close second. Together, these two categories constitute nearly 50% of all non-agricultural employment in the county. Agricultural employment comprises slightly over 3½% of the total civilian labor force currently employed. The seasonally adjusted unemployment rate for the county for the month of October, 1976 was 9%.

Statistics compiled by the Covina Chamber of Commerce for major employers in the city are presented in

Table 18 and illustrate the diverse industrial base of the city. Non-manufacturing employers offer over 65% of the positions currently filled in the city with the local unified school district constituting nearly 35% of non-manufacturing employment. Other non-manufacturing categories include retail (14%), medical services (14%), utilities (11%), and government (3%).

Manufacturing employers offer 35% of all jobs in the city with products including medical supplies, electronic devices, publications, fruit processing machinery, and magnetic components. Cutter Laboratories, Inc., currently the largest manufacturing employer in the city, has begun a \$2.2 million expansion of its present facility within city limits that should effectively enlarge the employment base in the area.

TABLE 17
LOS ANGELES COUNTY
TOTAL EMPLOYMENT AND UNEMPLOYMENT RATE
OCTOBER 1976

<i>Industry</i>	<i>Los Angeles Labor Market Area</i>
Manufacturing	785,300
Wholesale and Retail Trade	713,300
Services and Miscellaneous	647,500
Government	480,300
Finance, Insurance and Real Estate	189,100
Transportation, Communications and Utilities	178,300
Construction	89,600
Mineral Extraction	11,500
Total Nonagricultural Employment	3,094,900
Total Agricultural Employment	9,500
Total Civilian Labor Force	2,955,100
Total Unemployment	269,700
Seasonally Adjusted Rate	9.0%

Source: State of California Employment Development Department.

TABLE 18
CITY OF COVINA
MAJOR EMPLOYERS

<i>Employer</i>	<i>Product/Service</i>	<i>No. of Employees</i>
MANUFACTURING		
Cutter Laboratories, Inc.	Medical/Hospital Supplies and Research	500
Conrac Corporation	Electronic Equipment	400
Taylor Publishing Co.	Publications	350
Vita-Pakt Citrus Products Co.	Citrus Food Products	250
ICN Pharmaceuticals	Pharmaceuticals, Health Food Products	250
The Avtel Corp.	Power Conversion Equipment	200
Brown International Corp.	Citrus Juice Machinery	100
Caco-Pacific Division Amerace Esna	Molds for Plastics	100
Electro-Winders Co.	Magnetic Components	100
NON-MANUFACTURING		
Covina-Valley Unified School District	Education	1,475
Inter-Community Hospital	Medical Services	780
Sears, Roebuck & Company	Department Store	525
General Telephone Company	Communications	450
Southern California Edison Company	Electric Power	240
Montgomery Ward's	Department Store	225
City of Covina	Government	220
Fed Mart	Discount Store	175
Magan Medical Clinic	Medical Services	150

Source: Covina Chamber of Commerce.

Commercial Activity

Sears, Roebuck & Co., Montgomery Wards and the new Fed Mart store provide over 26% of all taxable transactions for retail outlets. This percentage is the largest single source of taxable dollars in the city followed closely by auto dealers and auto supplies (23%).

TAXABLE SALES AND SALES PERMITS (Dollars in Thousands)

	<i>Taxable Transactions</i>	<i>Sales Permits</i>
1970	\$127,256	944
1971	133,528	1,016
1972	147,348	1,036
1973	165,424	1,074
1974	163,355	1,086
1975	168,007	1,145

Source: State Board of Equalization, annual summaries of "Trade Outlet and Taxable Sales in California."

Table 19 further illustrates that retail outlets constituted over 85% of all taxable transactions. These retail establishments are diverse including apparel, pharmaceutical, perishable, building, automotive, and service-oriented products. This stability is significant in that sales tax constitutes the major source of revenue for the city's general fund. Table 12 documents that in fiscal year 1975/76, sales tax contributed over 44% of the total revenues while property taxes contributed only 15%. Taxable sales have increased over 30% in the last five years while sales permits have increased over 21% during the same period.

TABLE 19
CITY OF COVINA
1975 TAXABLE TRANSACTIONS
(Dollars in Thousands)

<i>Type</i>	<i>Permits</i>	<i>Taxable Transactions</i>
Apparel Stores	18	\$ 1,127
General Merchandise Stores	17	37,711
Drug Stores	9	2,305
Food Stores	29	11,983
Packaged Liquor Stores	14	3,339
Eating and Drinking Establishments	102	14,549
Home Furnishings and Appliances	41	5,363
Building Materials and Farm Implements	16	11,493
Auto Dealers and Auto Supplies	30	33,315
Service Stations	40	11,047
Other Retail Stores	101	11,971
Total Retail Stores	417	\$144,203
All Other Outlets	728	\$ 23,804
Total	1,145	\$168,007

Source: State Board of Equalization, annual summaries of "Trade Outlet and Taxable Sales in California."

Building Activity

Building activity in the city is indicated by the number of permits issued. Table 20 shows nearly \$30 million of construction in the last five years. Of this amount, residential construction accounts for nearly 40%. Building activity through October of this year has surpassed the total annual value for any of the five previous years. Residential unit construction for this year to date has also exceeded annual totals for previous years. Single-family dwelling unit construction in the C. R. A. accounts for 90% of the city's total. These units are expected to be occupied before March, 1977.

Community Services

In 1974, a \$2.2 million Police and Fire Bond issue was sold to finance construction of a new police and fire complex. The new facility replaced a jail built in 1911, a fire station opened in 1930, and a police station originally designed for a population of under 15,000.

Located in the center of the community, the new Covina police and fire facility consists of two structures: a combined police and fire department administration building, and a fire station. A modern communications center consisting of reliable and easily accessible components has alleviated many of the previous operational difficulties with police and fire radio communications. This new center, dedicated in February 1976, is designed to meet the future needs of Covina with the capabilities of serving a community of 65,000.

The new fire department facilities represent another significant step in providing the citizens of Covina with an efficient, modern fire protection system. In this regard, the Public Protection Department of the Insurance Services Office has assigned the city a Class 3 fire protection grade based on a scale of 2 through 10, 2 being the highest.

Covina is served by the Inter-Community Hospital, which expanded to a 274 bed capacity in 1973. The complete medical facility is nearby a number of clinics, convalescent hospitals, rest homes and laboratories. The entire complex, located in the center of the city, is considered one of the finest in Southern California.

TABLE 20
CITY BUILDING PERMIT VALUATIONS
(Dollars in Thousands)

Year	Valuation		Total	Number of Dwelling Units		Total
	Residential	Non-Residential		Single-Family	Multi-Family	
1971	\$ 802	\$1,358	\$ 2,160	8	8	16
1972	3,403	3,548	6,951	49	70	119
1973	2,233	2,609	4,842	—	—	—
1974	1,617	8,631	10,248	16	67	83
1975	3,109	2,413	5,522	39	4	43
October 1976	7,478	3,552	11,030	128	12	140

Source: Security Pacific National Bank, "California Construction Trends."

Educational Facilities

Public Education in Covina is provided by the Covina-Valley, Charter Oak, and Azusa Unified School Districts. These school districts operate 14 elementary and intermediate schools and five high schools within Covina. There are also a number of private and parochial schools in the city.

College level education is available at the Mount San Antonio College located in Walnut, southeast of Covina and the Citrus College in Azusa, located north of the city. These institutions offer the two-year Associate of Arts certificate in a number of vocational and academic fields. Four-year degrees are available at nearby institutions including the California State Polytechnic University at Pomona, the Claremont Colleges, La Verne College, and the Azusa Pacific College.

Transportation

Covina is accessible to a variety of excellent land and air transportation facilities. Air jet-service is available at Ontario International Airport, 18 miles east and at Los Angeles International Airport, 37 miles west of the city.

Covina is adjacent to the San Bernardino Freeway (Interstate 10) to the south and the Foothill Freeway (Interstate 210) to the north, joined by State Highway 39 through the city. These principal arteries link the city to the vast interlocking freeway network of Greater Los Angeles.

Interstate bus service is available via both Greyhound and Continental Trailways which stop in West Covina and Azusa. Local bus service is provided by the Southern California Rapid Transit District.

Rail service to Covina is provided by the Southern Pacific Company's branch line which connects to the main east-west line in the City of Industry. Connections to Covina are also made available by Union Pacific and Santa Fe.

The Los Angeles Harbor and Port of Long Beach are located about 33 miles southwest via freeway. Both deepwater facilities are equipped to handle ocean freight.

Recreation

The City of Covina offers a comprehensive and varied recreation program that serves the community and surrounding areas of over 60,000 people each year. The recreation program includes playground supervision, an extensive aquatics program, and classes in various recreational activities.

The Covina Parks Division is staffed by 18 full-time and 2 part-time employees who provide the necessary maintenance of approximately 80 acres of park land. The city park facilities include 7 athletic fields, 2 swimming pools, 3 multi-purpose halls, 6 lighted tennis courts, 1 outdoor bandshell, 6 play areas with play equipment, 1 roller skating rink, and numerous picnic areas with barbeques.

Additional outdoor recreation opportunities are available at the San Gabriel Mountains and the Angeles National Forest, located north of the city, both reached via State Highway 39. Covina's proximity to the San Bernardino Freeway and the Newport Freeway bring the cultural and recreational advantages of Los Angeles and Orange County within convenient driving distance.

Utilities

Electric power is made available to the area by the Southern California Edison Company. Natural gas is supplied by the Southern California Gas Company. The city provides sewer service throughout its incorporated area and serves water to most of the city, with the balance being supplied by Suburban Water Company, Azusa Valley Water Company, and San Dimas Water Company.

RESOLUTION NO. 10

Resolution
of the
Community Redevelopment Agency
of the
City of Covina
Authorizing the Issuance of
\$7,000,000 Principal Amount
of Tax Allocation Bonds
of Said Agency
to Finance a Portion of the Cost
of a Redevelopment Project
Known as the
Covina Revitalization-Redevelopment
Project No. One

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RESOLUTION NO. 10

RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COVINA AUTHORIZING THE ISSUANCE OF \$7,000,000 PRINCIPAL AMOUNT OF TAX ALLOCATION BONDS OF SAID AGENCY TO FINANCE A PORTION OF THE COST OF A REDEVELOPMENT PROJECT KNOWN AS THE COVINA REVITALIZATION - REDEVELOPMENT PROJECT NO. ONE.

WHEREAS, the Community Redevelopment Agency of the City of Covina ("Agency") is a redevelopment agency (a public body, corporate and politic) duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law [Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California] and the powers of such Agency include the power to issue bonds for any of its corporate purposes; and

WHEREAS, a Redevelopment Plan for a Redevelopment Project known and designated as the "Covina Revitalization-Redevelopment Project No. One" has been adopted and approved and all requirements of law for and precedent to the adoption and approval of said Redevelopment Plan have been duly complied with; and

WHEREAS, said Agency deems it necessary to authorize \$7,000,000 of its bonds to finance a portion of the cost of such redevelopment;

NOW, THEREFORE, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COVINA DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Definitions. As used in this Resolution the following terms shall have the following meanings, unless the context otherwise requires:

(a) "Bonds" means the \$7,000,000 principal amount of the Community Redevelopment Agency of the City of Covina, Covina Revitalization-Redevelopment Project No. One, Tax Allocation Bonds, 1977, authorized by this Resolution.

(b) "Bondholder" or "Holder of Bonds", or any similar term, means any person who shall be: (i) the holder of any outstanding Bond payable to bearer, or (ii) the registered owner or his duly authorized attorney, trustee, representative or assigns of any outstanding Bond which shall at the time be registered so as to be payable other than to bearer. For the

purpose of Bondholders' voting rights or consents, Bonds owned by or held for the account of the Agency, or the City, directly or indirectly, shall not be counted.

(c) "City" means the City of Covina, California.

(d) "Fiscal Agent" means the fiscal agent appointed by the Agency pursuant to Section 20 hereof, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in this Resolution.

(e) "Fiscal Year" means the year period beginning on July 1st and ending on the next following June 30th.

(f) "Independent Engineer" or "Independent Accountant" or "Independent Redevelopment Fiscal and Administrative Consultant" means any engineer or firm of engineers or a Certified Public Accountant or firm of Certified Public Accountants or any redevelopment fiscal and administrative consultant or firm of redevelopment fiscal and administrative consultants appointed by the Agency, and who, or each of whom has a favorable reputation in his or its particular field, and;

(1) is in fact independent and not under domination of the Agency; and

(2) does not have any substantial interest, direct or indirect, with the Agency; and

(3) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

(g) "Law" or "Redevelopment Law" means the Community Redevelopment Law of the State of California as cited in the recitals hereof.

(h) "Maximum Annual Debt Service" means the largest of the sums obtained for any Fiscal Year after the computation is made, by totaling the following for each such Fiscal Year:

(1) The principal amount of all outstanding serial Bonds and serial Parity Bonds payable in such Fiscal Year; and

(2) The amount of Minimum Sinking Fund Payments for outstanding term Parity Bonds (there being no term Bonds in this issue) to be made in such Fiscal Year in accordance with the applicable schedule or schedules of Minimum Sinking Fund Payments together with the premium thereon, if any, be payable; and

(3) The interest which would be due during such Fiscal Year on the aggregate principal amount of Bonds and Parity Bonds (serial and/or term) which would be outstanding in such Fiscal Year if the Bonds and Parity Bonds outstanding on the date of such computation were to mature or be redeemed in accordance with the

maturity schedule or schedules for the serial Bonds and the applicable schedule or schedules of Minimum Sinking Fund Payments for term Parity Bonds.

At the time and for the purpose of making such computation for each such Fiscal Year, the amount of term Parity Bonds already retired in advance of the above mentioned schedule or schedules of Minimum Sinking Fund Payments for term Parity Bonds shall be deducted pro rata from the remaining amounts thereon.

(i) "Minimum Sinking Fund Payments" means the amount of money to be deposited into the Term Bond Sinking Fund Account to be used to redeem term Parity Bonds, at the principal amounts thereof, plus premium, if any, in the amounts and at the times set forth in the applicable schedule or schedules of Minimum Sinking Fund Payments contained in any resolution providing for the issuance of Parity Bonds.

(j) "Opinion of Counsel" means a written opinion of an attorney or firm of attorneys of favorable reputation in the field of municipal bond law. Any opinion of such counsel may be based upon, insofar as it relates to factual matters, information which is in the possession of the Agency as shown by a certificate or opinion of, or representation by, an officer or officers of the Agency, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous.

(k) "Parity Bonds" means any additional tax allocation bonds (including, without limitation, bonds, notes, interim certificates, debentures or other obligations) issued by the Agency as permitted by Section 17 of this Resolution.

(l) "Paying Agent" means any paying agent provided by the Agency pursuant to this Resolution.

(m) "Community Redevelopment Agency", or "Agency" means the Community Redevelopment Agency of the City of Covina.

(n) "Redevelopment Plan" means the "Redevelopment Plan For the Covina Revitalization-Redevelopment Project of the City of Covina" approved and adopted by the City by Ordinance No. 1268, and includes any amendment of said Redevelopment Plan heretofore or hereafter made pursuant to law.

(o) "Redevelopment Project" means the Covina Revitalization-Redevelopment Project No. One.

(p) "Redevelopment Project Area" means the project area described and defined in said Redevelopment Plan.

(q) "Tax Revenues" means that portion of taxes levied upon taxable property in the Redevelopment Project Area and received by the Agency, which is allocated to and paid into a special fund (as in this Resolution created) of the Agency pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, all as more particularly set forth hereafter in this Resolution.

(r) "Treasurer" or "Treasurer of the Agency" means the officer who is then performing functions of Treasurer of the Agency.

Section 2. Amount, Issuance and Purpose of Bonds. Under and pursuant to said Law and under and pursuant to this Resolution, Bonds of the Agency in the principal amount of \$7,000,000 shall be issued by the Agency for the purpose of aiding in the financing of the Redevelopment Project and for other purposes related thereto as hereinafter provided, and such issue of Bonds is hereby created.

Section 3. Nature of Bonds. The Bonds shall be and are special obligations of the Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest and premiums, if any, from Tax Revenues and other funds as hereinafter provided. Said Bonds, interest and premiums, if any, are not a debt of the City of Covina, the State of California or any of its political subdivisions and neither said City, said State nor any of its political subdivisions is liable on them, nor in any event shall said Bonds, interest and premiums, if any, be payable out of any funds or properties other than those of the Agency as in this Resolution set forth. Said Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Said Bonds shall be and are equally secured by an irrevocable pledge of Tax Revenue and other funds as hereinafter provided, without priority for number, date of sale, date of execution, or date of delivery, except as expressly provided herein.

The validity of said Bonds is not and shall not be dependent upon the completion of the Redevelopment Project or upon the performance by anyone of his obligation relative to the Redevelopment Project.

Nothing in this Resolution shall preclude: (a) the payment of said Bonds from the proceeds of refunding bonds issued pursuant to law, or (b) the payment of said Bonds from any legally available funds. Nothing in this Resolution shall prevent the Agency from making advances of its own funds howsoever derived to any of the uses and purposes mentioned in this Resolution.

If the Agency shall pay or cause to be paid, or shall have made provision to pay upon maturity or upon redemption prior to maturity to the Holders of the Bonds the principal and interest to become due thereon, together with any applicable premium, through setting aside trust funds or setting apart in a reserve fund or special trust account created pursuant to this Resolution or otherwise, or through the irrevocable segregation for that purpose in some sinking fund or other fund or trust account with a fiscal agent or otherwise moneys sufficient therefor, including, without limitation, interest earned or to be earned on direct obligations of the United States of America or bonds or other obligations for which the full faith and credit of the United States is pledged for the payment of principal and interest, then, as to said Bonds, the lien of this Resolution, including, without limitation, the pledge of the Tax Revenues, and all other rights granted hereby, shall thereupon cease, terminate and become void and be discharged and satisfied, and the Bonds and interest increments thereon and any applicable premium on such Bonds shall no longer be deemed to be outstanding and unpaid. In such event, the Fiscal Agent shall cause an accounting for such period or periods as shall be requested by the Agency to be prepared and filed with the Agency, and the Fiscal Agent, upon the request of the Agency, shall release this Resolution, as to said Bonds and execute and deliver to the Agency all such instruments as may be desirable to evidence such release, discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the Agency all moneys or securities held by it pursuant to this Resolution, as to said Bonds which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Section 4. Description of Bonds. The Bonds shall be in the principal amount of \$7,000,000 and shall be designated COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COVINA, REDEVELOPMENT PROJECT NO. ONE, TAX ALLOCATION BONDS, 1977. The Bonds may be initially issued in the form of Bearer Bonds in the denomination of \$5,000 each, or in the form of Fully Registered Bonds, in denominations of \$5,000 each or any multiple thereof. The Bearer Bonds shall be dated as of January 1, 1977, and shall be numbered from 1 to 1,400. The Bonds shall be

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serial Bonds and shall mature in the following amounts on January 1 of the following years:

1979	\$ 65,000	1994	\$215,000
1980	70,000	1995	230,000
1981	75,000	1996	250,000
1982	85,000	1997	270,000
1983	95,000	1998	290,000
1984	100,000	1999	315,000
1985	105,000	2000	340,000
1986	115,000	2001	365,000
1987	125,000	2002	395,000
1988	135,000	2003	425,000
1989	145,000	2004	460,000
1990	155,000	2005	500,000
1991	170,000	2006	540,000
1992	185,000	2007	580,000
1993	200,000		

Section 5. **Interest.** Said Bonds shall bear interest at a rate or rates to be hereafter fixed by resolution, but not to exceed eight percent (8%) per annum, payable on January 1, 1978, and thereafter semiannually on each July 1 and January 1. Each such Bond shall bear interest until the principal sum thereof has been paid; provided, however, that if funds are available for the payment thereof in full accordance with the terms of this Resolution, said Bond shall then cease to bear interest. Interest coupons attached to the Bearer Bonds shall be numbered in consecutive numerical order from one (1) upwards in the order of their respective maturities. Each coupon shall represent six (6) months' interest on the Bearer Bonds to which it is attached, except that the first coupon shall represent twelve (12) months' interest from the date of the bonds to January 1, 1978.

The fully Registered Bonds shall be numbered by Fiscal Agent as the Fiscal Agent shall determine and shall be dated as of the date of authentication thereof, except that Fully Registered Bonds issued upon exchanges and transfers of Fully Registered Bonds and upon exchanges of Bearer Bonds for Fully Registered Bonds shall be dated so that no gain or loss of interest shall result from such exchange or transfer. Each Fully Registered Bond shall bear interest from the interest payment date next preceding the date thereof unless it is dated prior to the first interest payment date, in which event it shall bear interest from the date of the Bearer Bonds. Interest on Fully Registered Bonds shall be paid by the Fiscal Agent (out of the appropriate funds) by

check or draft mailed to the registered owner at his address as it appears on the register kept by the Fiscal Agent at the close of business on the fifteenth day preceding the interest payment date.

Section 6. Place of Payment. The Bonds, the interest thereon and any premiums upon the redemption thereof prior to maturity shall be payable in lawful money of the United States of America and (except for interest on Fully Registered Bonds which is payable by check or draft as stated above) shall be payable at the main office of the Fiscal Agent in Los Angeles and San Francisco, California, or, at the option of the holder, at the office of any Paying Agent of the Agency in New York, New York, or Chicago, Illinois.

Section 7. Forms of Bonds, Temporary Bonds. The Bearer Bonds and the interest coupons pertaining thereto shall be substantially in the form annexed hereto and made a part hereof, marked "Exhibit A" (Bearer Bond), and the fully Registered Bonds shall be substantially in the form annexed hereto and made a part hereof, marked "Exhibit B" (Fully Registered Bond). Such forms are hereby approved and adopted as the forms of such Bonds, and of the coupons and redemption, exchange, registration and assignment provisions pertaining thereto, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Resolution.

Any Bonds issued under this Resolution may be initially issued in temporary form exchangeable for definitive Bonds when the same are ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Agency, shall be without coupons and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Bond shall be executed by the Agency and be issued by the Fiscal Agent upon the same conditions and in substantially the same form and manner as the definitive Fully Registered Bonds. If the Agency issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and, thereupon, the temporary Bonds may be surrendered for cancellation at the office of the Fiscal Agent for the Agency, in Los Angeles, California, and the Fiscal Agent shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bearer Bonds or definitive Fully Registered Bonds without coupons of authorized denominations of this same issue. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Resolution as definitive Bonds of this same issue delivered hereunder.

Section 8. Execution of Bonds. The Bonds shall be signed on behalf of the Agency by its Chairman by his facsimile signature and by its Secretary

by his manual signature, and the seal of the Agency shall be impressed, imprinted or reproduced thereon. The interest coupons on said Bonds shall be signed by said Secretary by his facsimile signature. The foregoing officers are hereby authorized and directed to sign said Bonds and coupons in accordance with this section. If any Agency member or officer whose manual or facsimile signature appears on said Bonds or coupons ceases to be such member or officer before delivery of said Bonds, his signature is as effective as if he had remained in office.

Section 9. Types of Bonds, Registration and Exchange. To facilitate registration of the Bonds, two forms of Bonds have been provided: (1) those which are issued in negotiable form, payable to bearer with negotiable coupons (herein sometimes referred to as "Bearer Bonds"), and (2) those which are issued to facilitate registration and so are issued as non-negotiable Fully Registered Bonds payable to the registered owner (herein sometimes referred to as "Fully Registered Bonds"). The Bearer Bonds are not registrable by endorsement, but may be exchanged for Fully Registered Bonds as provided herein. A Bearer Bond or Bearer Bonds may be registered by exchanging the same for a Fully Registered Bond or Fully Registered Bonds, as the case may be. A Bearer Bond or Bearer Bonds and a Fully Registered Bond or Fully Registered Bonds may be exchanged for a Fully Registered Bond or Fully Registered Bonds. A Fully Registered Bond may be exchanged in whole for Bearer Bonds or in part for such Bearer Bonds and the balance for Fully Registered Bonds. Transfer of ownership of a Fully Registered Bond or Fully Registered Bonds shall be made by exchanging the same for a new Fully Registered Bond or Fully Registered Bonds. All of such exchanges shall be made in such manner and upon such reasonable terms and conditions as may from time to time be determined and prescribed by the Agency; provided, however, no such exchange shall be made between the fifteenth day preceding any interest payment date and such interest payment date. Such exchanges shall be free of any costs or charges to the person, firm or corporation requesting such exchange, except for any tax or governmental charge that may be imposed in connection with such exchange. Each Bearer Bond issued pursuant to this Resolution shall be of the denomination of \$5,000. Each Fully Registered Bond issued pursuant to this Resolution shall be of a denomination which is \$5,000 or a whole multiple thereof, shall be of the same issue, and may be of one or more interest rates and maturities.

Section 10. Bond Register. The Fiscal Agent will keep or cause to be kept at its principal office in the City of Los Angeles, California, sufficient books for the registration and transfer of the Bonds, which shall at all times

be open to inspection by the Agency; and, upon presentation for such purpose, the Fiscal Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said register, said Bonds as hereinbefore provided.

Section 11. **Redemption of Bonds Prior to Maturity.**

A. *Terms of Redemption.* The Bonds maturing on or before January 1, 1988, are not subject to call and redemption prior to maturity. Bonds maturing on or after January 1, 1989, may be called before maturity and redeemed at the option of the Agency, in whole or in part, from any source of funds, on January 1, 1988, or on any interest payment date thereafter prior to maturity. If less than all the Bonds outstanding are to be redeemed at any one time, the Bonds are to be redeemed in inverse order of maturity, and by lot within a maturity. Bonds called for redemption are to be redeemed at a redemption price for each redeemed bond equal to the principal amount thereof plus the following premium (percentage of principal amount) if redeemed on a redemption date in the following years:

Premiums and Redemption Years for Optional Call	
Premium	Redemption Years
3 %	1988
2½	1989
2	1990
1½	1991
1	1992
½	1993
0	1994—Maturity

The interest payment date on which Bonds which are to be presented for redemption is herein sometimes called the "redemption date."

B. *Call and Redemption.* The Agency may (and, if required by Section 15 hereof, shall) by resolution direct the call and redemption prior to maturity of Bonds by the Fiscal Agent in such amounts as funds are available therefor and shall give notice to the Fiscal Agent of such redemption at least sixty (60) days prior to the redemption date.

C. *Notice of Redemption.* Notice of redemption prior to maturity (except as provided below) shall be given by publication at least once prior

to the redemption date in a financial newspaper or journal, printed in the English language and customarily published on each business day, of general circulation in the City of New York, New York, such publication to be not less than thirty (30) nor more than sixty (60) days before such redemption date. If any Bond called for redemption is a Fully Registered Bond, notice of redemption thereof shall also be mailed, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, to each registered owner of such Bonds, but neither failure to mail such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds. The notice of redemption shall (a) state the redemption date; (b) state the redemption price; (c) state the numbers and date of maturity of the Bonds to be redeemed; provided, however, that whenever any call includes all of the outstanding Bonds of any maturity, the numbers of the Bonds need not be stated; (d) require that Bearer Bonds be surrendered with all interest coupons maturing subsequent to the redemption date at the place or places of redemption; (e) state, as to any Fully Registered Bonds redeemed in part only, the registered bond numbers and the principal portion thereof to be redeemed; and (f) state that interest on the principal portion of the Bonds so designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and the premium thereon, if any (such premium to be specified). If, at the time of giving notice of redemption, no Bonds are outstanding except Fully Registered Bonds, publication of such notice shall be deemed to have been waived if such notice shall have been mailed by registered or certified mail to each registered owner of such Bonds at his address as it appears on the registration books or at such address as he may have filed with the Fiscal Agent for that purpose.

The actual receipt by the Holder of any Bond of notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the redemption date. Notice of redemption of Bonds shall be given by the Fiscal Agent for and on behalf of the Agency at the expense of the Agency.

A certificate by the Fiscal Agent that notice of redemption has been given as herein provided shall be conclusive as against all parties, and no Bondholder whose Bearer Bond or Fully Registered Bond is called for redemption may object thereto or object to the cessation of interest on the

redemption date fixed by any claim or showing that he failed to actually receive such notice of call and redemption.

D. *Redemption Fund.* Prior to the publication as above required, the Fiscal Agent shall establish, maintain and hold in trust a separate fund which is hereby created for the purpose of this Resolution entitled "Community Redevelopment Agency of the City of Covina, Covina Revitalization-Redevelopment Project No. One, Tax Allocation Bonds, 1977, Redemption Fund" (hereinafter referred to as "Redemption Fund"); and there shall be set aside in the Redemption Fund moneys for the purpose and sufficient to redeem, at the premiums, if any, payable as provided in this Resolution, the Bonds designated in such notice of redemption. Said moneys must be set aside in said Fund solely for that purpose and shall be applied on or after the redemption date to the payment (principal and premium, if any) of the Bonds to be redeemed upon presentation and surrender of such Bonds and (except as to Fully Registered Bonds) all interest coupons maturing after the redemption date. Any interest coupon due on or prior to the redemption date shall be paid from the Special Fund upon presentation and surrender thereof. Any interest due on or prior to the redemption date upon Fully Registered Bonds shall be paid from said Special Fund. Each Bearer Bond presented must have attached thereto or presented therewith all interest coupons maturing after the redemption date.

E. *Partial Redemption of Fully Registered Bonds.* Upon surrender of any Fully Registered Bond redeemed in part only, the Agency shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner thereof, at the expense of the Agency, a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Fully Registered Bond surrendered and of the same interest rate or rates and same maturity or maturities, which new Bond or Bonds may be, at the option of the registered owner, either a Bearer Bond or Bearer Bonds with all unmatured coupons appertaining thereto or a Fully Registered Bond or Fully Registered Bonds or in part a Bearer Bond or Bearer Bonds and the balance a Fully Registered Bond or Fully Registered Bonds. The registered owner of any Fully Registered Bond may, in lieu of surrendering such Bond for a new Bond, endorse on the reverse of such Fully Registered Bond a notation of such partial redemption, in such form as may be satisfactory to the Agency and the Fiscal Agent and under such conditions as the Fiscal Agent may approve. Such partial redemption shall be valid upon payment of the amount thereby required to be paid to such registered owner, and the Authority and the Fiscal Agent shall be released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or

shall not have been made upon the reverse of such Fully Registered Bond by such registered owner and irrespective of any error or omission in such endorsement.

F. *Effect of Redemption.* Notice of redemption having been duly given as aforesaid, and moneys for payment of the principal of and interest and premiums, if any, payable upon redemption of the Bonds being set aside in the Redemption Fund, the Bonds, or parts thereof, as the case may be, so called for redemption shall, on the redemption date, become due and payable at the redemption price specified in such notice, interest on the Bonds, or parts thereof, as the case may be, so called for redemption shall cease to accrue, the coupons for interest thereon maturing subsequent to the redemption date shall be void, and said Bonds, or parts thereof, as the case may be, shall cease to be entitled to any lien, benefit or security under this Resolution, and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof, and, in the case of partial redemption of Fully Registered Bonds, to also receive a new Bond or Bonds for the unredeemed balance as aforesaid.

All unpaid interest installments represented by coupons which shall have matured on or prior to the redemption date designated in such notice shall continue to be payable to the respective Holders thereof but without interest thereon.

All Bonds, or parts thereof, as the case may be, redeemed pursuant to the provisions of this Section and the appurtenant coupons, if any, shall be cancelled upon surrender thereof and delivered to, or upon the order of, the Agency.

Section 12. **Funds.** There is hereby created with the Treasurer a special trust fund called the "Community Redevelopment Agency of the City of Covina, Covina Revitalization-Redevelopment Project No. One, Tax Allocation Bonds, 1977, Redevelopment Fund" (hereinafter sometimes called the "Redevelopment Fund"). There is hereby created with the Fiscal Agent a special trust fund called the "Community Redevelopment Agency of the City of Covina, Covina Revitalization-Redevelopment Project No. One, Tax Allocation Bonds, 1977, Special Fund (hereinafter sometimes called the "Special Fund").

There is hereby established in the Special Fund the following special trust accounts: (i) the "Bond Interest Account", (ii) the "Serial Bond Payment Account", (iii) the "Reserve Account" and (iv) the "Term Bond Sinking Fund Account".

So long as any of the Bonds herein authorized, or any interest thereon, remain unpaid, the moneys in the foregoing Funds and Accounts shall be

used for no purpose other than those required or permitted by this Resolution, any resolution providing for the issuance of Parity Bonds and the Law.

Section 13. Sale of Bonds, Disposition of Bond Proceeds, Redevelopment Fund.

The Agency may provide by resolution for the sale of the Bonds in the manner provided by the Law.

The proceeds from the sale of the Bonds shall be placed in the Redevelopment Fund, except that: (i) accrued interest and premium, if any, paid by the purchasers of the Bonds shall be transferred to the Fiscal Agent and placed in the Special Fund in the Bond Interest Account, and (ii) a sum equal to the Maximum Annual Debt Service shall be transferred to the Fiscal Agent and placed in the Special Fund in the Reserve Account.

The moneys set aside and placed in the Redevelopment Fund shall remain therein until from time to time expended solely for the purpose of financing a portion of the cost of the Redevelopment Project and other costs related thereto, and also including in such costs:

(a) The payment, in any year during which the Agency owns property in the Redevelopment Project Area, to any city, county, city and county, district or other public corporation which would have levied a tax upon such property had it not been exempt, an amount of money in lieu of taxes as authorized by Section 33401 of the Law; and

(b) The cost of any lawful purpose in connection with the Redevelopment Project, including, without limitation, Section 33445 of the Law; and

(c) The necessary expenses in connection with the issuance and sale of the Bonds and fees of the Fiscal Agent and Paying Agents.

If any sum remains in the Redevelopment Fund after the full accomplishment of the objects and purposes for which said Bonds were issued, said sum shall be transferred to the Special Fund.

Section 14. Tax Revenues. As provided in the Redevelopment Plan, pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the State of California, taxes levied upon taxable property in the Redevelopment Project Area each year by or for the benefit of the State of California, any city, county, city and county, district, or other public corporation (hereinafter sometimes called "taxing agencies") after the

effective date of the ordinance approving the Redevelopment Plan (being Ordinance No. 1268 of the City of Covina, which ordinance became effective on July 15, 1974) shall be divided as follows:

(1) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of said taxing agencies upon the total sum of the assessed value of the taxable property in the Redevelopment Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to July 15, 1974 (being the effective date of the ordinance above referred to) shall be allocated to, and when collected shall be paid into, the funds of the respective taxing agencies as taxes by or for said taxing agencies on all other property are paid; and

(2) That portion of said levied taxes each year in excess of such amount shall be allocated to and when collected shall be paid into the Special Fund of the Agency.

The foregoing provisions of this section are a portion of the provision of said Article 6 as applied to the Bonds and shall be interpreted in accordance with said Article 6, and the further provisions and definitions contained in said Article 6 are hereby incorporated herein by reference and shall apply.

The Tax Revenues (except that portion which the Agency may use pursuant to Section 15 hereof for any purpose authorized in said Article 6) are hereby allocated and pledged to the payment of the principal of and interest on said Bonds (including all Parity Bonds) as in this Resolution provided, and until all of said Bonds (including all Parity Bonds), and all interest thereon, have been paid (or until said Bonds are no longer deemed to be outstanding and unpaid pursuant to Section 3 hereof) the Tax Revenues (subject to the exception set forth above) shall be applied solely to the payment of said Bonds (including all Parity Bonds) and the interest thereon as in this Resolution provided. Such allocation and pledge is for the exclusive benefit of the Holders of the Bonds herein authorized and shall be irrevocable.

Section 15. Special Fund. All Tax Revenues shall be deposited in the Special Fund. The interest on the Bonds and Parity Bonds until maturity shall be paid by the Fiscal Agent from the Special Fund. At the maturity of the Bonds and any Parity Bonds, and, after all interest then due on the Bonds and Parity Bonds then outstanding has been paid or provided for, moneys in the Special Fund shall be applied to the payment of the principal of any of such Bonds and Parity Bonds.

Without limiting the generality of the foregoing and for the purpose of assuring that the payments referred to above will be made as scheduled, the Tax Revenues accumulated in the Special Fund shall be used in the following priority; provided, however, that to the extent that deposits have been made in any of the Accounts referred to below from the proceeds of the sale of the Bonds or otherwise, the deposits below need not be made:

(A) *Bond Interest Account.* Deposits shall be made into the Bond Interest Account so that the balance in said Account one (1) month prior to the date of the payment of any installment of interest on the Bonds and Parity Bonds shall be equal to such installment of interest. Moneys in the Bond Interest Account shall be used for the payment of interest on the Bonds and Parity Bonds as the same become due.

(B) *Serial Bond Payment Account.* After the deposits have been made pursuant to subparagraph (a) above, deposits shall next be made into the Serial Bond Payment Account so that the balance in said Account one (1) month prior to the date of payment thereof shall equal the next principal payment, or payments, as the case may be, on the then outstanding serial Bonds and serial Parity Bonds. Moneys in the Serial Bond Payment Account shall be used for the payment of the principal of such serial Bonds and serial Parity Bonds, as the same become due.

(C) *Additional Deposits Into the Bond Interest Account.* After the deposits have been made pursuant to subparagraphs (a) and (b) above, if the Tax Revenues are sufficient therefor, deposits shall next be made into the Bond Interest Account so that the balance in said Account one (1) month prior to the date of the payment of any installment of interest on the Bonds and Parity Bonds shall be equal to one (1) year's interest on the then outstanding Bonds and Parity Bonds.

(D) *Reserve Account.* After the deposits have been made pursuant to subparagraphs (a), (b) and (c) above, if the Tax Revenues are sufficient therefor, deposits shall next be made into the Reserve Account so that the balance in said Account shall equal the Maximum Annual Debt Service and the balance in said Account shall be so maintained to equal the Maximum Annual Debt Service. Moneys in the Reserve Account shall be used solely for the purpose of paying the interest and principal of the Bonds and Parity Bonds in the event that moneys in the Bond Interest Account or Serial Bond Payment Account are insufficient therefor and for that purpose the Fiscal Agent shall withdraw and transfer moneys from the Reserve Account to the appropriate Account. Moneys in the Reserve Account may be used to pay the interest

and/or principal of the last outstanding maturity of the Bonds and/or Parity Bonds so that the issue of Bonds and/or Parity Bonds will be retired.

(E) *Term Bond Sinking Fund Account.* There are no term Bonds issued under this Resolution and this subparagraph is inserted so that, if term Parity Bonds are issued, the provisions for the payment thereof will be available. Commencing on a date specified in the resolution providing for the issuance of term Parity Bonds, after the deposits have been made pursuant to the subparagraphs above, if the Tax Revenues are sufficient therefor, deposits shall next be made into the Term Bond Sinking Fund Account established pursuant to the resolution providing for the issuance of term Parity Bonds so that the balance in said Account on the appropriate date of the year involved shall equal the then current Minimum Sinking Fund Payment on the then outstanding term Parity Bonds. Moneys in the Term Bond Sinking Fund Account shall be used and applied by the Fiscal Agent to call and redeem the largest principal amount of outstanding term Parity Bonds which can be called (including the payment of the applicable premium thereon) with the moneys available therefor. Any such call and redemption shall be made in accordance with the provisions of Section 11 hereof and according to the schedule or schedules of Premiums and Redemption Years for Call From the Term Bond Sinking Fund Account established pursuant to the resolution providing for the issuance of term Parity Bonds. In lieu or partially in lieu of such call and redemption, moneys in the Term Bond Sinking Fund Account may be used to purchase outstanding term Parity Bonds in the manner hereinafter provided. Purchases of outstanding term Parity Bonds may be made by the Fiscal Agent at public or private sale as and when and at such prices as the Fiscal Agent may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest plus the premium applicable at the next following call date according to the schedule or schedules of Premiums and Redemption Years for Call From the Term Bond Sinking Fund Account established pursuant to the resolution providing for the issuance of term Parity Bonds, and any accrued interest payable upon the purchase of term Bonds and term Parity Bonds may be paid from the amount reserved in the Bond Interest Account for the payment of interest on the next following interest payment date.

(F) *Surplus.* It is the intent of this Resolution: (i) that the deposits in subparagraphs (a) and (b) above to the Bond Interest Account and the Serial Bond Payment Account, respectively, shall be made as scheduled, and (ii) that the deposits in subparagraphs (c), (d) and (e)

above to the Bond Interest Account, the Reserve Account and the Term Bond Sinking Fund Account, respectively, shall be made as scheduled, if and only if the Tax Revenues are sufficient therefor. Failure to make the required deposits into the Bond Interest Account, as specified in subparagraph (c) above, the Reserve Account, as specified in subparagraph (d) above, and the Term Bond Sinking Fund Account, as specified in subparagraph (e) above, shall not be an event of default if, and only if, the Tax Revenues are insufficient therefor. Should it be necessary to defer all or part of any deposits referred to in subparagraphs (c), (d) and (e) above, such deferred deposits shall be cumulative and shall be made when the Tax Revenues are sufficient to make the deposits required by subparagraphs (a) and (b) and thereafter make the deposits required by subparagraphs (c), (d) and (e). If: (i) the above transfers have been made so that the required amounts are in the above mentioned Accounts, as shown by a certificate or opinion of an Independent Accountant employed by the Agency and (ii) the Tax Revenues received by the Agency, on or before June 30 of each year, based upon the most recent assessed valuation of taxable property in the Redevelopment Project Area, furnished by the appropriate officer of the County of Los Angeles, are at least equal to 1.25 times the Maximum Annual Debt Service on all Bonds, Parity Bonds and any loans, advances or indebtedness payable from Tax Revenues on a parity with Bonds pursuant to Section 33670 of the Law, as shown by the certificate or opinion of an Independent Accountant employed by the Agency, and (iii) there has been no material change in the status of the Redevelopment Project which in the opinion of an Independent Redevelopment Fiscal and Administrative Consultant, said opinion having been filed with the Fiscal Agent, would be likely to result in diminution of increment in the succeeding fiscal year, any balances in the Special Fund may be used and applied by the Agency for any lawful purpose, including, without limitation, the purchase and/or call and redemption of Bonds and Parity Bonds.

Section 16. Deposit and Investment of Moneys in Funds. Subject to the provisions of Covenant 9 of Section 18 hereof, all moneys held by the Agency in the Redevelopment Fund and by the Fiscal Agent in the Special Fund, except such moneys which are at the time invested, shall be held and deposited in any financial institution authorized to accept deposits of public funds (including the banking department of the Fiscal Agent) and shall be secured as required by law.

Moneys in the Redevelopment Fund may from time to time be invested by the Agency, and moneys in the Special Fund may, and, upon written request of the Agency shall, be invested by the Fiscal Agent as provided by the Law, subject to the following restrictions:

(a) Moneys in the Redevelopment Fund shall be invested only in obligations which will by their terms mature not later than the date the Agency estimates the moneys represented by the particular investment will be needed for withdrawal from such fund.

(b) Moneys in the Bond Interest Account, Serial Bond Payment Account and the Term Bond Sinking Fund Account of the Special Fund shall be invested only in obligations which will by their terms mature on such dates as to insure that before each interest payment date there will be in such fund, from matured obligations and other moneys already in such fund, cash equal to the interest and principal payable on such date, and moneys in the Reserve Account of the Special Fund shall be invested only in obligations which will by their terms mature in not more than five (5) years.

Obligations purchased as an investment of moneys in either of said funds or the accounts therein, shall be deemed at all times to be a part of such fund or account and the interest accruing thereon and any gain realized from such investment shall be credited to such fund or account and any loss resulting from any such authorized investment shall be charged to such fund or account without liability to the Agency or the members and officers thereof or to the Fiscal Agent. The Agency or the Fiscal Agent, as the case may be, shall sell at the best price obtainable or present for redemption any obligation so purchased whenever it shall be necessary to do so in order to provide moneys to meet any payment or transfer from such fund or account as required by this Resolution. For the purpose of determining at any given time the balance in any such fund or account any such investment constituting a part of such fund or account shall be valued at the then estimated or appraised market value of such investment.

Section 17. Issuance of Parity Bonds. If at any time the Agency determines that it will not have sufficient moneys available from the sale of the Bonds and other sources to pay the costs of the Redevelopment Project, the Agency may provide for the issuance of, and sell Parity Bonds in such principal amount as it estimates will be needed for such purpose. The issuance

and sale of any Parity Bonds shall be subject to the following conditions precedent:

(a) The Agency shall be in compliance with all covenants set forth in this Resolution.

(b) Tax Revenues received or to be received by the Agency based upon the most recent assessed valuation of taxable property in the Redevelopment Project Area, furnished by the appropriate officer of the County of Los Angeles, plus at the option of the Agency, the item hereinafter designated (i) are at least equal to 1.25 times the Maximum Annual Debt Service on all Bonds, Parity Bonds and any loans, advances or indebtedness payable from Tax Revenues pursuant to Section 33670 of the Law, which will be outstanding following the issuance of such Parity Bonds.

(i) The item which may be added for the purpose of applying the above restriction is an allowance for estimated annual additional Tax Revenues to be received by the Agency within any of the three Fiscal Years following the date the computation is made due to increases in assessed valuation of taxable property in the Redevelopment Project Area resulting from construction in progress on the date such computation is made, all as shown by the certificate or opinion of an Independent Redevelopment, Fiscal and Administrative Consultant employed by the Agency. As used herein, "construction in progress" means: (aa) construction for which a building permit has been issued and there is evidence of construction activity on the site, and/or (bb) construction as to which a binding contract therefor, with a 100% faithful performance bond, has been executed between the Agency and a developer deemed financially responsible by an Independent Redevelopment, Fiscal and Administrative Consultant.

(c) The resolution providing for such Parity Bonds shall require that from the proceeds of the sale thereof there shall be deposited in the Special Fund in the Reserve Account a sum sufficient to bring said Reserve Account up to the Maximum Annual Debt Service.

(d) The Parity Bonds shall be serial Bonds and/or term Bonds, the maturities of which shall be on January 1, and the interest thereon shall be payable semiannually on July 1 and January 1 (except that the first interest payment may be from the date of the bonds to the next succeeding July 1 or January 1), and they shall not be subject to call and redemption prior to maturity before January 1, 1988.

Notwithstanding the foregoing, if there is a material change in the date or dates upon which the Tax Revenues are paid into the Special Fund, and if the Agency is in compliance with all covenants set forth in this Resolution, it may provide for and sell notes, maturing in less than one year (hereinafter referred to as "short term notes"), in anticipation of the receipt of Tax Revenues, for the purpose of enabling the Agency to pay interest on the Bonds coming due in the same Fiscal Year in which the short term notes are issued; and, in such case, the Tax Revenues received thereafter shall be first applied to the repayment of the principal, premium, if any, and interest on such short term notes.

Section 18. Covenants of the Agency. As long as the Bonds are outstanding and unpaid, the Agency will (through its proper members, officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Resolution or in any Bond issued hereunder, including the following Covenants and agreements for the benefit of the Bondholders which are necessary, convenient and desirable to secure the Bonds and will tend to make them more marketable; provided, however, that said Covenants do not require the Agency to expend any funds other than the Tax Revenues:

Covenant 1. *Complete Redevelopment Project; Amendment to Redevelopment Plan.* The Agency covenants and agrees that it will diligently carry out and continue to completion, with all practicable dispatch, the Redevelopment Project in accordance with its duty so to do under and in accordance with the Law and the Redevelopment Plan and in a sound and economical manner. The Redevelopment Plan may be amended as provided in the Law but no amendment shall be made which would substantially impair the security of the Bonds or the rights of the Bondholders, as shown by an Opinion of Counsel.

Covenant 2. *Use of Proceeds; Management and Operation of Properties.* The Agency covenants and agrees that the proceeds of the sale of said Bonds will be deposited and used as provided in this Resolution and that it will manage and operate all properties owned by it and comprising any part of the Redevelopment Project in a sound and businesslike manner.

Covenant 3. *No Priority.* The Agency covenants and agrees that it will not issue any obligations payable, principal or interest, from the Tax Revenues which have, or purport to have, any lien upon the Tax Revenues prior or superior to the lien of the Bonds herein authorized

and the interest coupons pertaining thereto except as permitted in Section 17 in this Resolution regarding short term notes. Except as permitted in Section 17 hereof, it will not issue any obligations, payable as to principal or interest, from the Tax Revenues, which have, or purport to have, any lien upon the Tax Revenues on a parity with the Bonds herein authorized and the interest coupons pertaining thereto; provided, however, that nothing in this Resolution shall prevent the Agency (i) from issuing and selling pursuant to law refunding bonds or other refunding obligations payable from and having any lawful lien upon the Tax Revenues, if such refunding bonds or other refunding obligations are issued for the purpose of, and are sufficient for the purpose of, refunding all of the outstanding Bonds authorized by this Resolution, or (ii) from issuing and selling bonds or other obligations which have, or purport to have, any lien upon the Tax Revenues which is junior to the Bonds herein authorized and the interest coupons pertaining thereto, or (iii) from issuing and selling bonds or other obligations which are payable in whole or in part from sources other than the Tax Revenues.

Covenant 4. Punctual Payment. The Agency covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds issued hereunder on the date, at the place and in the manner provided in said Bonds and the interest coupons pertaining thereto.

Covenant 5. Payment of Taxes and Other Charges. The Agency covenants and agrees that it will from time to time pay and discharge, or cause to be paid and discharged, all payments in lieu of taxes, service charges, assessments or other governmental charges which may lawfully be imposed upon the Agency or any of the properties then owned by it in the Redevelopment Project Area, or upon the revenues and income therefrom and will pay all lawful claims for labor, material and supplies which if unpaid might become a lien or charge upon any of said properties, revenues or income or which might impair the security of the Bonds or the use of Tax Revenues or other legally available funds to pay the principal of and interest thereon, all to the end that the priority and security of said Bonds shall be preserved; provided that nothing in this Covenant shall require the Agency to make any such payment so long as the Agency in good faith shall contest the validity thereof.

Covenant 6. Books and Accounts; Financial Statements. The Agency covenants and agrees that it will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other

records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Redevelopment Project and the Tax Revenues and other funds relating to said Redevelopment Project, and will prepare within 120 days after the close of each of its Fiscal Years a complete financial statement or statements for such year in reasonable detail covering such Redevelopment Project, Tax Revenues and other funds, certified by a certified public accountant or firm of certified public accountants selected by the Agency, and will furnish a copy of such statement or statements to any Bondholder upon written request.

Covenant 7. *Eminent Domain Proceedings.* The Agency covenants and agrees that if all or any part of the Redevelopment Project Area should be taken from it, by eminent domain proceedings or other proceedings authorized by law, for any public or other use under which the property will be tax exempt, the net proceeds realized by the Agency therefrom will be deposited in the Special Fund and used and applied for the purpose of paying principal of and interest on said Bonds as in this Resolution provided.

Covenant 8. *Disposition of Property.* The Agency covenants and agrees that it will not dispose of more than 10% of the land area in the Redevelopment Project Area (except property shown in the Redevelopment Plan in effect on the date this Resolution is adopted as planned for public use, or property to be used for public streets, public offstreet parking, sewage facilities, parks, easements or rights of way for public utilities, or other similar uses) to public bodies or other persons or entities whose property is tax exempt, if as a result of such disposition the security of the Bonds or the rights of Bondholders would be substantially impaired, as shown by an opinion of an Independent Redevelopment, Fiscal and Administrative Consultant.

Covenant 9. *Protection of Security and Rights of Bondholders; No Arbitrage.* The Agency covenants and agrees to preserve and protect the security of the Bonds and the rights of the Bondholders and defend their rights under all claims and demands of all persons. The Agency covenants and agrees to contest by court action or otherwise any assertion by the United States of America or any department or agency thereof that the interest received by the Bondholders is taxable under federal income tax laws. The Agency covenants and agrees to take no action which, in the Opinion of Counsel, would result in the interest received by the Bondholders becoming taxable under federal

income tax laws. The Agency hereby covenants to the purchasers of the Bonds that it will make no use of the proceeds of the Bonds at any time during the term thereof which, if such use had been reasonably expected at the date the Bonds are issued, would have caused such Bonds to be "arbitrage bonds" within the meaning of Section 103(d) of the United States Internal Revenue Code of 1954, as amended, and applicable regulations adopted thereunder by the Internal Revenue Service, and the Agency hereby assumes the obligation to comply with such Section 103(d) and such regulations throughout the term of the Bonds.

Section 19. Taxation of Leased Property. Whenever any property in the Redevelopment Project Area has been redeveloped and thereafter is leased by the Agency to any person or persons (other than a public agency) or whenever the Agency leases real property in the Redevelopment Project Area to any person or persons (other than a public agency) for redevelopment, the property shall be assessed and taxed in the same manner as privately owned property, as required by Section 33673 of the Law, and the lease or contract shall provide (a) that the lessee shall pay taxes upon the assessed value of the entire property and not merely upon the assessed value of his or its leasehold interest, and (b) that if for any reason the taxes levied on such property in any year during the term of the lease or contract are less than the taxes which would have been levied if the entire property had been assessed and taxed in the same manner as privately owned property, the lessee shall pay such difference to the Agency within thirty (30) days after the taxes for such year become payable to the taxing agencies and in no event later than the delinquency date of such taxes established by law. All such payments shall be treated as Tax Revenues, and when received by the Agency shall be deposited in the Special Fund.

Section 20. Fiscal Agent and Paying Agents. Prior to the delivery of the Bonds, the Agency shall appoint a Fiscal Agent to act as the agent and depositary of the Agency for the purpose of receiving Tax Revenues and other funds as provided in this Resolution, to hold, allocate, use and apply such Tax Revenues and other funds as provided in this Resolution, and to perform such other duties and powers of the Fiscal Agent as are prescribed in this Resolution.

The Agency may remove the Fiscal Agent initially appointed or any successor thereto and in such case shall forthwith appoint a successor thereto but any successor shall be a bank or trust company doing business and having an office in the City of Los Angeles, having a combined capital and surplus

of at least \$50,000,000. The Fiscal Agent herein appointed or any substituted Fiscal Agent may at any time resign as such by writing filed with the Agency in which event the Agency shall forthwith appoint a substitute Fiscal Agent and the resignation shall become effective upon such appointment. In the event that the Fiscal Agent or any successor becomes incapable of acting as such, the Agency shall forthwith appoint a substitute Fiscal Agent. Any bank or trust company into which the Fiscal Agent may be merged or with which it may be consolidated shall become the Fiscal Agent without action of the Agency. A Fiscal Agent may become the owner of any of the Bonds authorized by this Resolution or any of the coupons appurtenant thereto with the same rights it would have had if it were not the Fiscal Agent.

The Fiscal Agent shall have no duty or obligation whatsoever to enforce the collection of or to exercise diligence in the enforcement of the collection of funds assigned to it hereunder, or as to the correctness of any amounts received, but its liability shall be limited to the proper accounting for such funds as it shall actually receive.

The recitals of fact and all promises, covenants and agreements herein and in the Bonds shall be taken as statements, promises, covenants and agreements of the Agency, and the Fiscal Agent assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this Resolution or of the Bonds or coupons, and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon the Fiscal Agent. The Fiscal Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or default.

The Agency shall, during the life of the Bonds, provide for Paying Agents, at least one in Chicago, Illinois, and in New York, New York, at the office of which the Bonds and coupons are payable at the option of the Holder.

Section 21. Lost, Stolen, Destroyed or Mutilated Bonds. In the event that any Bond or any interest coupon pertaining thereto is lost, stolen, destroyed or mutilated, the Agency will cause to be issued a new Bond or coupon similar to the original to replace the same in such manner and upon such reasonable terms and conditions, including the payment of costs and the posting of a surety bond if the Agency deems such surety bond necessary, as may from time to time be determined and prescribed by resolution. The Agency may authorize such new Bond or coupon or coupons to be signed and authenticated in such manner as it determines in said resolution.

Section 22. Cancellation of Bonds. All Bonds and coupons surrendered to the Fiscal Agent or any Paying Agent for payment shall upon payment therefor be cancelled immediately and forthwith transmitted to the Treasurer. Any Bonds purchased by the Fiscal Agent as aforesaid together with all unpaid interest coupons pertaining thereto shall be cancelled immediately and forthwith transmitted to the Treasurer. All of the cancelled Bonds and interest coupons shall remain in the custody of the Treasurer until destroyed pursuant to due authorization.

Section 23. Amendments. This Resolution, and the rights and obligations of the Agency and of the holders of the Bonds and coupons issued hereunder, may be modified or amended at any time by supplemental resolution adopted by the Agency: (a) without the consent of Bondholders, if such modification or amendment is for the purpose of curing any ambiguities, defects or inconsistent provisions in this Resolution or to insert such provisions clarifying matters or questions arising under this Resolution as are necessary and desirable to accomplish the same, provided that such modifications or amendments do not adversely affect the rights of the Bondholders, as shown by an Opinion of Counsel, and/or (b) with the consent of Bondholders holding sixty per cent (60%) in aggregate principal amount of the outstanding Bonds, exclusive of Bonds, if any, owned by the Agency or the City, and obtained as hereinafter set forth; provided, however, that no such modification or amendment shall, without the express consent of the Holder or registered owner of the Bond affected, reduce the principal amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon or change the monetary medium in which principal and interest is payable, or reduce the percentage of consent required for amendment or modification.

Any act done pursuant to a modification or amendment so consented to shall be binding upon the Holders of all of the Bonds and interest coupons, whether such coupons be attached to Bonds or detached therefrom, and shall not be deemed an infringement of any of the provisions of this Resolution or of said Law, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after such consent relating to such specified matters has been given, no Bondholder or holder of any interest coupon, whether attached to a Bond or detached therefrom, shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the Agency or any officer thereof from taking any action pursuant thereto.

A. *Calling Bondholders' Meeting.* If the Agency shall desire to obtain any such consent it shall duly adopt a resolution calling a meeting of Bondholders for the purpose of considering the action, the consent to which is desired.

B. *Notice of Meeting.* Notice specifying the purpose, place, date and hour of such meeting shall be published once in a financial newspaper or journal of national circulation published in the City of New York, New York, such publication to be not less than sixty (60) days and not more than ninety (90) days prior to the date fixed for the meeting. Such notice shall set forth the nature of the proposed action, consent to which is desired. If any of the Bonds shall be so registered as to be payable otherwise than to bearer, the Agency shall on or before the publication of such notice, cause to be mailed a similar notice, postage prepaid, to the respective registered owners thereof at their addresses appearing on the bond registry books in the hands of the Fiscal Agent. The place, date and hour of holding such meeting and the date or dates of publishing and mailing such notice shall be determined by the Agency in its discretion.

The actual receipt by any Bondholder of notice of any such meeting shall not be a condition precedent to the holding of such meeting, and failure to receive such notice shall not affect the validity of the proceedings thereat. A certificate by the Secretary of the Agency approved by resolution of the Agency, that the meeting has been called and that notice thereof has been given as herein provided shall be conclusive as against all parties and it shall not be open to any Bondholder to show that he failed to receive actual notice of such meeting.

C. *Voting Qualifications.* Bondholders may, prior to any such meeting, deliver their Bonds to the Fiscal Agent and shall thereupon be entitled to receive an appropriate receipt for the Bonds so deposited, calling for the redelivery of such Bonds at any time after the meeting. The Fiscal Agent shall prepare and deliver to the chairman of the meeting a list of the names and addresses of the registered owners of Bonds, with a statement of the maturities and serial numbers of the Bonds held and deposited by each of such Bondholders, and no Bondholders shall be entitled to vote at such meeting unless their names appear upon such list or unless they shall present their Bonds at the meeting or a certificate of deposit thereof, satisfactory to the Agency, executed by a bank or trust company. No Bondholders shall be permitted to vote with respect to a larger aggregate principal amount of Bonds than is set against their names on such list, unless they shall produce the Bonds upon which they desire to vote, or a certificate of deposit thereof as above provided.

D. *Issuer-Owned Bonds.* The Agency covenants that it will present at the meeting a certificate, signed and verified by one member thereof and by the Treasurer, stating the maturities and serial numbers of all Bonds owned by, or held for account of, the Agency or the City, directly or indirectly. No person shall be permitted at the meeting to vote or consent with respect to any Bond appearing upon such certificate, or any Bond which it shall be established at or prior to the meeting is owned by the Agency or the City, directly or indirectly, and no such Bond (in this Resolution referred to as "issuer-owned Bond") shall be counted in determining whether a quorum is present at the meeting.

E. *Quorum and Procedure.* A representation of at least sixty per cent (60%) in aggregate principal amount of the Bonds then outstanding (exclusive of issuer-owned Bonds, if any) shall be necessary to constitute a quorum at any meeting of Bondholders, but less than a quorum may adjourn the meeting from time to time, and the meeting may be held as so adjourned without further notice, whether such adjournment shall have been had by a quorum or by less than a quorum. The Agency shall, by an instrument in writing, appoint a temporary chairman of the meeting, and the meeting shall be organized by the election of a permanent chairman and secretary. At any meeting each Bondholder shall be entitled to one vote for every \$5,000 principal amount of Bonds with respect to which he shall be entitled to vote as aforesaid, and such vote may be given in person or by proxy duly appointed by an instrument in writing presented at the meeting. The Agency, by its duly authorized representative, may attend any meeting of the Bondholders, but shall not be required to do so.

F. *Vote Required.* At any such meeting held as aforesaid there shall be submitted for the consideration and action of the Bondholders a statement of the proposed action, consent to which is desired, and if such action shall be consented to and approved by Bondholders holding at least sixty per cent (60%) in aggregate amount of the Bonds then outstanding (exclusive of issuer-owned Bonds) the chairman and secretary of the meeting shall so certify in writing to the Agency, and such certificate shall constitute complete evidence of consent of Bondholders under the provisions of this resolution. A certificate signed and verified by the chairman and the secretary of any such meeting shall be conclusive evidence and the only competent evidence of matters stated in such certificate relating to proceedings taken at such meeting.

Section 24. **Proceedings Constitute Contract.** The provisions of this Resolution, of any Supplemental Resolution, of the resolutions providing

for the sale of the Bonds and awarding the Bonds and fixing the interest rate thereon, and of any other resolution supplementing or amending this Resolution, shall constitute a contract between the Agency and the Bondholders and the provisions thereof shall be enforceable by any Bondholder for the equal benefit and protection of all Bondholders similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may hereafter be authorized under the laws of the State of California in any court of competent jurisdiction. Said contract is made under and is to be construed in accordance with the laws of the State of California.

No remedy conferred hereby upon any Bondholder is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Redevelopment Law or any other law of the State of California. No waiver of any default or breach of duty or contract by any Bondholder shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Bondholders may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and should said suit, action or proceeding be abandoned, or be determined adversely to the Bondholders, then, and in every such case, the Agency and the Bondholders shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds, this Resolution, any supplemental resolution and any other supplementary resolutions thereto shall be irrevocable, but shall be subject to modification or amendment to the extent and in the manner provided in this Resolution, but to no greater extent and in no other manner.

CUSIP identification numbers may be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and no liability shall hereafter attach to the Agency or any of the officers or agents thereof because of or on account of said numbers. Any error or omission with respect to said numbers shall not constitute cause for refusal by the successful bidder to accept delivery of and pay for the Bonds.

Section 25. **Severability.** If any covenant, agreement or provision, or any portion thereof, contained in this Resolution, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid or unenforceable, the remainder of this Resolution and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected, and this Resolution and the Bonds issued pursuant hereto shall remain valid and the Bondholders shall retain all valid rights and benefits accorded to them under this Resolution and the Constitution and laws of the State of California. If the provisions relating to the appointment and duties of a Fiscal Agent are held to be unconstitutional, invalid or unenforceable, said duties shall be performed by the Treasurer.

Section 26. **Effective Date.** This Resolution shall take effect upon adoption.

ADOPTED AND APPROVED the 6th day of December, _____.

(Seal)

Chairman of the
Community Redevelopment Agency
of the City of Covina

ATTEST:

Secretary of the
Community Redevelopment Agency
of the City of Covina

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COVINA

} ss.

SECRETARY'S
CERTIFICATE RE
ADOPTION OF
RESOLUTION

I, _____, Secretary of the Community Redevelopment Agency of the City of Covina, City of Covina, California, DO HEREBY CERTIFY that the foregoing Resolution was duly adopted by the

said Agency at a regular meeting of said Agency held on the 6th day of December, 1976, and that the same was passed and adopted by the following vote, to wit:

AYES: Members

NOES: Members

ABSENT: Members

ABSTAINED: Members

Secretary of the Community
Redevelopment Agency of the City of
Covina, City of Covina, California

[SEAL]

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COVINA

} ss.

SECRETARY'S
CERTIFICATE OF
AUTHENTICATION

I, _____, Secretary of the Community Redevelopment Agency of the City of Covina, City of Covina, California, DO HEREBY CERTIFY that the above and foregoing is a full, true and correct copy of Resolution No. ____ of said Agency, and that said Resolution was adopted at the time and by the vote stated on the above certificate, and has not been further amended or repealed.

Secretary of the Community
Redevelopment Agency of the City of
Covina, City of Covina, California

EXHIBIT A

[FORM OF BEARER BOND]

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COVINA
COMMUNITY REDEVELOPMENT AGENCY OF
THE CITY OF COVINA
COVINA REVITALIZATION-REDEVELOPMENT PROJECT
NO. ONE
TAX ALLOCATION BOND, 1977

No. \$5,000

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COVINA (hereinafter sometimes called the "Agency"), a public body, corporate and politic, duly organized and existing under the laws of the State of California, for value received, hereby promises to pay (but solely from the funds hereinafter mentioned) to the bearer or, if this Bond be registered, to the registered owner hereof, on January 1,, upon presentation and surrender of this bond, the sum of FIVE THOUSAND DOLLARS (\$5,000), with interest thereon (payable solely from said funds) from the date hereof at the rate of% per annum, interest payable on January 1, 1978 and thereafter semiannually on July 1 and January 1 of each and every year until this Bond is paid, upon presentation and surrender of the respective interest coupons hereto attached; provided, however, that if at the maturity date of this Bond funds are available for payment thereof, as provided in the Resolution hereinafter mentioned, this Bond shall then cease to bear interest. Both principal and interest are payable in lawful money of the United States of America at _____, Fiscal Agent for the Agency, in Los Angeles, California, or, at the option of the Holder hereof, at the office of the Fiscal Agent or any Paying Agent of the Agency in San Francisco, California, New York, New York, or Chicago, Illinois.

This Bond, the interest hereon and any premium due upon the redemption of this Bond prior to maturity are not a debt of the City of Covina, the State of California or any of its political subdivisions, and neither said City, said State nor any of its political subdivisions is liable hereon, nor in any event shall this Bond, said interest or said premium be payable out of any funds or properties other than the funds of the

Agency as set forth in the Resolution hereinafter mentioned. This Bond does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing this Bond are liable personally on this Bond by reason of its issuance.

This Bond is one of a duly authorized issue of Bonds of the Agency designated "Community Redevelopment Agency of the City of Covina, Covina Revitalization-Redevelopment Project No. One, Tax Allocation Bonds, 1977" (hereinafter called the "Bonds") in aggregate principal amount of \$7,000,000 all of like tenor (except for bond numbers, maturity dates and differences, if any, in interest rate) and all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California and particularly the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) for the purpose of aiding in the financing of the Redevelopment Project above designated, and are authorized by and issued pursuant to Resolution No., adopted by the Agency on December 6, 1976 (said Resolution No. being hereinafter referred to as the "Resolution"), and all of the Bonds are equally secured in accordance with the terms of the Resolution, reference to which is hereby made for a specific description of the security therein provided for said Bonds, for the nature, extent and manner of enforcement of such security, for the covenants and agreements made for the benefit of the Bondholders, and for a statement of the rights of the Bondholders, and by the acceptance of this Bond, the Holder hereof and of the coupons attached hereto assents to all of the terms, conditions and provisions of said Resolution. In the manner provided in the Resolution, said Resolution and the rights and obligations of the Agency and of the Holders of said Bonds and coupons, may (with certain exceptions as stated in said Resolution) be modified or amended with the consent of the Holders of sixty percent (60%) in aggregate principal amount of outstanding Bonds, exclusive of issuer-owned Bonds, unless the modification or amendment is for the purpose of curing ambiguities, defects, etc., in which case no Bondholder's consent is required.

The principal of this Bond and the interest hereon are secured by an irrevocable pledge of, and are payable solely from, the Tax Revenues (as such term is defined in said Resolution) and certain other funds, all as more particularly set forth in the Resolution. Said Resolution is adopted under and this Bond is issued under and is to be construed in accordance with the laws of the State of California.

The outstanding Bonds maturing on or after January 1, 1989, may be called before maturity and redeemed at the option of the Agency in whole or in part from any source of funds on January 1, 1988, or on any interest payment date thereafter prior to maturity. If less than all of the Bonds outstanding are to be redeemed at any one time, the Bonds to be redeemed shall be redeemed in inverse order of maturity, and by lot within a maturity. Bonds called for redemption shall be redeemed at a redemption price for each redeemed bond equal to the principal amount thereof, plus the following premium (percentage of principal amount) if redeemed on a redemption date in the following years:

**PREMIUMS AND REDEMPTION YEARS
FOR OPTIONAL CALLS**

<u>Premium</u>	<u>Redemption Year</u>
3 %	1988
2½	1989
2	1990
1½	1991
1	1992
½	1993
0	1994 — Maturity

Notice of call and redemption prior to maturity shall be given as provided in the Resolution.

This Bond and the coupons hereto attached are negotiable instruments and shall be negotiable by delivery. This Bond (issued in the form of a bearer bond and herein sometimes referred to as "Bearer Bond") is not registrable by endorsement but may be exchanged for a Fully Registered Bond as provided in the Resolution. Fully Registered Bonds may be exchanged for a like aggregate principal amount of Bearer Bonds of the same issue, bearing all unmatured coupons, or for a like aggregate principal amount of Fully Registered Bonds of other authorized denominations, or in part for Bearer Bonds and the balance for Fully Registered Bonds of the same issue and Bearer Bonds bearing all unmatured coupons may be exchanged for a like aggregate principal amount of Fully Registered Bonds of authorized denominations of the same issue, all as more fully set forth in the Resolution; provided, however, no such exchange shall be made between the fifteenth day preceding any interest payment date and such interest payment date. Such exchange shall be free of any costs or charges to the person, firm or corporation

requesting such exchange, except for any tax or governmental charge that may be imposed in connection with such exchange.

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of California.

IN WITNESS WHEREOF, the Community Redevelopment Agency of the City of Covina has caused this Bond to be signed on its behalf by its Chairman by his facsimile signature and by its Secretary by his manual signature and the seal of said Agency to be imprinted hereon, and the interest coupons hereto attached to be signed by said Secretary by his facsimile signature and this Bond to be dated as of the first day of.....

Chairman of the
Community Redevelopment Agency
of the City of Covina

(SEAL)

Secretary of the
Community Redevelopment Agency
of the City of Covina

[COUPON FORM]

On the first day of, 19..

the COMMUNITY REDEVELOPMENT AGENCY OF THE
CITY OF COVINA will pay to bearer, at

Fiscal Coupon. No.
Agent for the Agency, in Los Angeles, California, or
at the option of the Holder hereof, at the office of the
Fiscal Agent or any Paying Agent of the Agency in

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San Francisco, California, New York, New York, or
Chicago, Illinois, solely out of the funds mentioned in
the Bond to which this coupon is attached, the sum
shown hereon in lawful money of the United States of
America, being the interest then due on its COMMU-
NITY REDEVELOPMENT AGENCY OF THE CITY OF
COVINA, COVINA REVITALIZATION-REDEVELOPMENT
PROJECT NO. ONE, TAX ALLOCATION BOND, 1977,
dated January 1, 1977.

\$.....

No.....

Secretary of the
Community Redevelopment Agency
of the City of Covina

EXHIBIT B

[FORM OF FULLY REGISTERED BOND]

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF COVINA
COMMUNITY REDEVELOPMENT AGENCY OF THE
CITY OF COVINA
COVINA REVITALIZATION-REDEVELOPMENT
PROJECT NO. ONE
TAX ALLOCATION BOND, 1977

Fully Registered Bond

No. R

The COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COVINA (hereinafter sometimes called the "Agency"), a public body, corporate and politic, duly organized and existing under the laws of the State of California, for value received, hereby promises to pay (but solely from the funds hereinafter mentioned) to or registered assigns, herein sometimes referred to as "registered owner" (subject to the right of prior redemption hereinafter mentioned), the principal sum of Dollars (\$), being Bonds maturing as follows:

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

and to pay such registered owner by check or draft mailed thereto, at his address as it appears on the register kept by the Fiscal Agent at the

close of business on the fifteenth day preceding the interest payment date, interest on such principal sum from the interest payment date next preceding the date hereof (unless the date hereof is prior to, in which event from) until the principal hereof shall have been paid or provided for in accordance with the Resolution hereinafter referred to, at the rate or rates above indicated, payable January 1, 1978 and thereafter semiannually on July 1 and January 1 in each year. Both principal and interest and any premium upon the redemption prior to maturity of all or part hereof are payable in lawful money of the United States of America, and (except for interest which is payable by check or draft as stated above) are payable at, Fiscal Agent for the Agency, in Los Angeles, California, or, at the option of the Holder hereof, at the office of the Fiscal Agent or any Paying Agent of the Agency in San Francisco, California, New York, New York, or Chicago, Illinois.

This Bond, the interest hereon and any premium due upon the redemption of this Bond prior to maturity are not a debt of the City of Covina, the State of California or any of its political subdivisions, and neither said City, said State nor any of its political subdivisions is liable hereon, nor in any event shall this Bond, said interest or said premium be payable out of any funds or properties other than the funds of the Agency as set forth in the Resolution hereinafter mentioned. This Bond does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Neither the members of the Agency nor any persons executing this Bond are liable personally on this Bond by reason of its issuance.

This Bond is one of a duly authorized issue of Bonds of the Agency designated "Community Redevelopment Agency of the City of Covina, Covina Revitalization-Redevelopment Project No. One, Tax Allocation Bonds, 1977" (hereinafter called "Bonds") in aggregate principal amount of \$7,000,000, all of like tenor (except for bond numbers, maturity dates and differences, if any, in interest rates) and all of which have been issued pursuant to and in full conformity with the Constitution and laws of the State of California and particularly the Community Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State of California) for the purpose of aiding in the financing of the Redevelopment Project above designated, and are authorized by and issued pursuant to Resolution No., adopted by the Agency on (said Resolution No. being hereinafter referred to as "Resolution") and all of the Bonds are equally secured in accordance with the terms of the Resolution, reference to which is hereby made for a

specific description of the security therein provided for said Bonds, for the nature, extent and manner of enforcement of such security, for the covenants and agreements made for the benefit of the Bondholders, and for a statement of the rights of the Bondholders, and by the acceptance of this Bond the registered owner hereof assents to all of the terms, conditions and provisions of said Resolution. In the manner provided in the Resolution, said Resolution and the rights and obligations of the Agency and of the Bondholders, may (with certain exceptions as stated in said Resolution) be modified or amended with the consent of the Holders of sixty percent (60%) in aggregate principal amount of outstanding Bonds, exclusive of issuer-owned Bonds, unless modification or amendment is for the purpose of curing ambiguities, defects, etc., in which case no Bondholder's consent is required.

The principal of this Bond and the interest hereon are secured by an irrevocable pledge of, and are payable solely from, the Tax Revenues (as such term is defined in said Resolution) and certain other funds, all as more particularly set forth in the Resolution. Said Resolution is adopted under and this Bond is issued under and is to be construed in accordance with the laws of the State of California.

The outstanding Bonds maturing on or after January 1, 1989, may be called before maturity and redeemed at the option of the Agency in whole or in part from any source of funds on January 1, 1988, or on any interest payment date thereafter prior to maturity. If less than all of the Bonds outstanding are to be redeemed at any one time, the Bonds to be redeemed shall be redeemed in inverse order of maturity, and by lot within a maturity. Bonds called for redemption shall be redeemed at a redemption price for each redeemed bond equal to the principal amount thereof, plus the following premium (percentage of principal amount) if redeemed on a redemption date in the following years:

**PREMIUMS AND REDEMPTION YEARS
FOR OPTIONAL CALL**

<u>Premium</u>	<u>Redemption Year</u>
3 %	1988
2½	1989
2	1990
1½	1991
1	1992
½	1993
0	1994 — Maturity

Notice of call and redemption prior to maturity shall be given as provided in the Resolution.

This Bond is issued in fully registered form (herein sometimes referred to as "Fully Registered Bond") and is non-negotiable. This Bond may be exchanged for a like aggregate principal amount of Bearer Bonds of the same issue, bearing all unmatured coupons, or for a like aggregate principal amount of Fully Registered Bonds of other authorized denominations or in part for Bearer Bonds and the balance for Fully Registered Bonds, of the same issue, and Bearer Bonds bearing all unmatured coupons may be exchanged for a like aggregate principal amount of Fully Registered Bonds of authorized denominations of the same issue, all as more fully set forth in the Resolution. This Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the principal office of the Fiscal Agent in the City of Los Angeles, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond of authorized denomination or denominations for the same aggregate principal amount of the same issue will be issued to the transferee in exchange therefor. No exchange or transfer shall be made between the fifteenth day preceding any interest payment date and such interest payment date.

The Agency, the Fiscal Agent and any Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Agency, the Fiscal Agent and any Paying Agent shall not be affected by any notice to the contrary.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Fiscal Agent.

It is hereby recited, certified and declared that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of California.

IN WITNESS WHEREOF, the Community Redevelopment Agency of the City of Covina has caused this Bond to be signed on its behalf by

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its Chairman by his facsimile signature and by its Secretary by his manual signature and the seal of said Agency to be imprinted hereon all as of the day of

Chairman of the
Community Redevelopment Agency
of the City of Covina

(SEAL)

Secretary of the
Community Redevelopment Agency
of the City of Covina

[FORM OF CERTIFICATE OF AUTHENTICATION ON
FULLY REGISTERED BONDS]

This is one of the Fully Registered Bonds described in the within-mentioned Resolution.

....., Fiscal Agent

By

Authorized Officer

[FORM OF ENDORSEMENT ON FULLY REGISTERED BONDS]

This Fully Registered Bond (issued in fully registered form without coupons) is issued in lieu of or in exchange for Bearer Bond(s) of this issue of the denomination of \$5,000, each not contemporaneously outstanding, aggregating the face value hereof; and Bearer Bonds of this same issue and of the denomination of \$5,000 will be issued in exchange for this Bond in the manner, with the effect and under the terms and conditions stated on the face of the Bond and in the Resolution referred to therein.

[FORM OF ASSIGNMENT OF FULLY REGISTERED BONDS]

For value received hereby sells, assigns and transfers unto the within-mentioned Bond and hereby irrevocably constitutes and appoints attorney, to transfer the same on the books of the Fiscal Agent with full power of substitution in the premises.

.....

Dated:

NOTE: The signature to this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

NOTICE INVITING BIDS
\$7,000,000
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF COVINA
COVINA REVITALIZATION-REDEVELOPMENT PROJECT NO. ONE
TAX ALLOCATION BONDS, 1977

NOTICE IS HEREBY GIVEN that sealed proposals for the purchase of \$7,000,000 principal amount of Community Redevelopment Agency of the City of Covina, Covina Revitalization-Redevelopment Project No. One, Tax Allocation Bonds, 1977, will be received by said Agency at the place and up to the time specified:

TIME: Tuesday, December 28, 1976, 11:00 o'clock a.m.

PLACE: Office of
Hornblower & Weeks-Hemphill, Noyes Incorporated
637 Wilshire Blvd.
Los Angeles, California

MAILED BIDS: Addressed to:
Community Redevelopment Agency of the
City of Covina
c/o Hornblower & Weeks-Hemphill, Noyes
Incorporated
637 Wilshire Blvd.
Los Angeles, California 90017

OPENING OF BIDS AND AWARD OF BONDS: The bids will be received and opened at 11:00 o'clock a.m. on December 28, 1976, and reported to the Board of Directors at its meeting later the same day.

OFFERING: The Bonds, which are offered on an all or none basis, are designated "Community Redevelopment Agency of the City of Covina, Covina Revitalization-Redevelopment Project No. One, Tax Allocation Bonds, 1977" (the "Bonds"), and consist of 1,400 bonds, numbered 1 to 1,400, inclusive, in the denomination of \$5,000 each, dated January 1, 1977.

MATURITIES: The Bonds will mature on January 1, in the following years:

Year of Maturity	Total Principal Amount	Year of Maturity	Total Principal Amount
1979.....	\$ 65,000	1994.....	\$215,000
1980.....	70,000	1995.....	230,000
1981.....	75,000	1996.....	250,000
1982.....	85,000	1997.....	270,000
1983.....	95,000	1998.....	290,000
1984.....	100,000	1999.....	315,000
1985.....	105,000	2000.....	340,000
1986.....	115,000	2001.....	365,000
1987.....	125,000	2002.....	395,000
1988.....	135,000	2003.....	425,000
1989.....	145,000	2004.....	460,000
1990.....	155,000	2005.....	500,000
1991.....	170,000	2006.....	540,000
1992.....	185,000	2007.....	580,000
1993.....	200,000		

INTEREST: The Bonds shall bear interest at a rate to be fixed upon the sale thereof but not to exceed eight percent (8%) per annum, payable on January 1, 1978, and thereafter semiannually on each July 1 and January 1.

PAYMENTS: The Bonds and the interest thereon and any premiums upon the redemption thereof prior to maturity are payable in lawful money of the United States of America and (except for interest on Fully Registered Bonds, which is payable by check or draft) are payable at the main office of the Fiscal Agent of the Agency, in Los Angeles and San Francisco, California, or, at the option of the holder, at the office of any Paying Agent of the Agency in New York, New York, or Chicago, Illinois.

REGISTRATION: To facilitate registration of the Bonds, two forms of Bonds have been provided: (1) those which are in negotiable form, payable to bearer with negotiable coupons ("Bearer Bonds"), and (2) those which are issued to facilitate registration and so are issued as non-negotiable Fully Registered Bonds payable to the registered owner ("Fully Registered Bonds"). The Bearer Bonds are not registrable by endorsement and, to facilitate their registration, they may be exchanged for Fully Registered Bonds as provided in the Resolution hereinafter referred to. A Bearer Bond or Bearer Bonds may be registered by exchanging the same for a Fully Registered Bond or Fully Registered Bonds, as the case may be. A Bearer Bond or Bearer Bonds and a Fully Registered Bond or Fully Registered Bonds may be exchanged for a Fully Registered Bond or Fully Registered Bonds. A Fully Registered Bond may be exchanged in whole for Bearer Bonds or in part for such Bearer Bonds and the balance for Fully Registered Bonds. Transfer of ownership of a Fully Registered Bond or Fully Registered Bonds shall be made by exchanging the same for a new Fully Registered Bond or Fully Registered Bonds. All of such exchanges shall be in such manner and upon such reasonable terms and conditions as may from time to time be determined and prescribed by the Agency; provided,

however, no such exchange shall be made between the fifteenth day preceding any interest payment date and such interest payment date. Such exchanges shall be free of any costs or charges to the person, firm, or corporation requesting such exchange, except for any tax or governmental charge that may be imposed in connection with such exchange. Each Bearer Bond issued pursuant to the Resolution shall be of the denomination of \$5,000. Each Fully Registered Bond issued pursuant to the Resolution shall be of a denomination which is \$5,000 or a whole multiple thereof.

REDEMPTION: The Bonds maturing on or before January 1, 1988, are not subject to call and redemption prior to maturity. Bonds maturing on or after January 1, 1989, may be called before maturity and redeemed at the option of the Agency, in whole or in part, from any source of funds, on January 1, 1988, or on any interest payment date thereafter prior to maturity. If less than all of the Bonds outstanding are to be redeemed at any one time, the Bonds are to be redeemed in inverse order of maturity, and by lot within a maturity. Bonds called for redemption are to be redeemed at a redemption price for each redeemed Bond equal to the principal amount thereof plus accrued interest to the redemption date and the following premium (percentage of principal amount) if redeemed on a redemption date in the following years:

Premiums and Redemption Years for Optional Call	
Premium	Redemption Years
3 %.....	1988
2½.....	1989
2.....	1990
1½.....	1991
1.....	1992
½.....	1993
0.....	1994-Maturity

Notice of call and redemption shall be given as provided in the Resolution hereinafter referred to.

PURPOSE OF ISSUE: The entire principal amount of the Bonds are to be issued by the Agency under and pursuant to the Community Redevelopment Law of the State of California (Part 1, Division 24 of the Health and Safety Code) for the purpose of aiding in the financing of a redevelopment project in the City of Covina, California, known as the Covina Revitalization-Redevelopment Project No. One, and are to be issued pursuant to Resolution No. 10 adopted by the Agency on December 6, 1976, said Resolution No. 10 being herein referred to as "Resolution", to which reference is made for further particulars.

SECURITY: The Bonds are payable, both principal and interest, solely from Tax Revenues (as defined in the Resolution) and from certain other limited funds as provided in the Resolution. The Bonds are not obligations of the City of Covina, the State of California, or any of its political subdivisions and do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

TERMS OF SALE

INTEREST RATE: The rate or rates bid may not exceed eight percent (8%) per annum, payable annually the first year and thereafter semiannually, and each rate or rates bid must be a multiple of 1/20 of 1%. No Bond shall bear more than one interest rate, and all Bonds of the same maturity shall bear the same rate. Each Bond must bear interest at the rate specified in the bid from its date to its fixed maturity date. Only one coupon will be attached to each Bond for each installment of interest thereon, and bids providing for additional or supplemental coupons will be rejected. The interest rate on any maturity or group of maturities shall not be more than 2% higher than the interest rate on any other maturity or group of maturities.

AWARD: The Bonds shall be sold for cash only. All bids must be for not less than all of the \$7,000,000 Bonds hereby offered for sale and each bid shall state that the bidder offers accrued interest to the date of delivery, the purchase price which shall not be less than the principal amount thereof, and the interest rate, not to exceed that specified herein, at which the bidder offers to buy the Bonds. Each bidder shall state in his bid the total net interest cost in dollars and the average net interest rate determined thereby, which shall be considered informative only and not a part of the bid.

HIGHEST BIDDER: The Bonds will be awarded to the highest responsible bidder considering the interest rate specified and the premium offered, if any. The highest bid will be determined on the basis of the lowest net interest cost to the Agency by deducting the amount of the premium bid

(if any) from the total amount of interest which the Agency would be required to pay from the date of the Bonds to the maturity date thereof at the coupon rate specified in the bid. The purchaser must pay accrued interest from the date of the Bonds to the date of delivery computed on a 360-day year basis. The cost of printing the Bonds will be borne by the Agency.

RIGHT OF REJECTION: The Agency reserves the right, in its discretion, to reject any and all bids and, to the extent not prohibited by law, to waive any irregularity or informality in any bid.

PROMPT AWARD: The Agency will take action awarding the Bonds or rejecting all bids not later than twenty-six (26) hours after the time herein prescribed for the receipt of bids; provided that the award may be made after the expiration of the specified time if the bidder shall not have given to the Agency notice in writing of the withdrawal of such bid.

CUSIP: CUSIP identification numbers will be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and no liability shall hereafter attach to the Agency or any of the officers or agents thereof because of or on account of said numbers. Any error or omission with respect to said numbers shall not constitute cause for refusal by the successful bidder to accept delivery of and pay for the Bonds.

DELIVERY AND PAYMENT: Delivery of the Bonds will be made to the successful bidder at the office of the Fiscal Agent in Los Angeles, California, or at such other place as may be agreed upon by the successful bidder and the officer of the Agency making delivery. Payment for the Bonds must be made in funds immediately available to the Agency in Los Angeles, California.

PROMPT DELIVERY; CANCELLATION FOR LATE DELIVERY: The Bonds will be delivered to the successful bidder on January 12, 1977, and such prompt delivery time is of the essence of the contract to be made hereunder for the sale of the Bonds. The Agency, at its sole option, shall have the right to delay the delivery of the Bonds beyond said date; provided, however, that the successful bidder shall have the right, at his option, to cancel the contract of purchase if the Agency shall fail to execute the Bonds and tender them for delivery within sixty (60) days from the date herein fixed for the receipt of bids, and in such event the successful bidder shall be entitled to the return of the check accompanying his bid.

FORM OF BID: Each bid, together with the bid check, must be in a sealed envelope, addressed to the Agency with the envelope and bid clearly marked "Bid for Bonds of the Community Redevelopment Agency of the City of Covina". Each bid must be unconditional and in accordance with the terms and conditions set forth herein, or permitted herein, and must be submitted on, or in substantial accordance with, bid forms provided by the Agency.

BID CHECK: A certified or cashier's check on a responsible bank or trust company in the amount of \$70,000, payable to the order of the Agency, must accompany each bid as a guaranty that the bidder, if successful, will accept and pay for the Bonds in accordance with the terms of his bid. The check accompanying any accepted bid shall be held uncashed and returned to the successful bidder upon payment of the purchase price in immediately available funds as heretofore provided, or, if such bid is accepted but not

performed, unless such failure of performance shall be caused by any act or omission of the Agency, shall then be cashed and the proceeds retained by the Agency. The check accompanying each unaccepted bid shall be returned promptly.

CHANGE IN TAX EXEMPT STATUS: At any time before the Bonds are tendered for delivery, the successful bidder may disaffirm and withdraw the bid if the interest received by private holders from bonds of the same type and character shall be declared to be taxable income under present federal income tax laws, either by a ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable by the terms of any federal income tax law enacted subsequent to the date of this notice.

LEGAL OPINION: The unqualified legal opinion of the Bond Counsel firm of Rutan & Tucker, Santa Ana, California, approving the validity of the Bonds will be furnished the successful bidder at or prior to the time of delivery of the Bonds, at the expense of the Agency. A copy of such opinion, certified by an officer of the Agency by his facsimile signature, will be printed on the back of each Bond. No charge will be made to the purchaser for such printing or certification.

ARBITRAGE: On the basis of the facts, estimates and circumstances (including covenants of the Agency) in existence on the date of issue of the Bonds it is not expected that the proceeds of the Bonds will be used in a manner that will cause the Bonds to be arbitrage bonds and the Agency will furnish to the successful bidder at the time of delivery of the Bonds an arbitrage certificate certifying to the foregoing.

OFFICIAL STATEMENT: The Agency will furnish to the successful bidder, at no charge, 200 copies of the Official Statement. At the time of delivery of the Bonds to the successful bidder, the Agency will furnish a certificate to the effect that at the time of sale of the Bonds and at all times prior thereto, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

NO LITIGATION CERTIFICATE: At the time of payment for and delivery of the Bonds, the Agency will furnish the successful bidder a certificate that there is no litigation pending affecting the validity of the Bonds.

INFORMATION AVAILABLE: Requests for copies of the Resolution and the Official Statement pertaining to the Bonds, or for other information concerning the Agency, should be addressed to Hornblower & Weeks-Hemphill, Noyes Incorporated, Financing Consultants to the Agency, 351 California Street, San Francisco, California 94104. Telephone (415) 982-1961.

GIVEN by order of the Agency adopted on December 6, 1976.

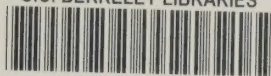
*Secretary of the Community
Redevelopment Agency of the
City of Covina*

SCHEDULE OF BOND YEARS

Year	Years	Principal Maturing January 1	Bond Years	Cumulative Bond Years
1978.....	2	\$ 65,000	130	130
1979.....	3	70,000	210	340
1980.....	4	75,000	300	640
1981.....	5	85,000	425	1,065
1982.....	6	95,000	570	1,635
1983.....	7	100,000	700	2,335
1984.....	8	105,000	840	3,175
1985.....	9	115,000	1,035	4,210
1986.....	10	125,000	1,250	5,460
1987.....	11	135,000	1,485	6,945
1988.....	12	145,000	1,740	8,685
1989.....	13	155,000	2,015	10,700
1990.....	14	170,000	2,380	13,080
1991.....	15	185,000	2,775	15,855
1992.....	16	200,000	3,200	19,055
1993.....	17	215,000	3,655	22,710
1994.....	18	230,000	4,140	26,850
1995.....	19	250,000	4,750	31,600
1996.....	20	270,000	5,400	37,000
1997.....	21	290,000	6,090	43,090
1998.....	22	315,000	6,930	50,020
1999.....	23	340,000	7,820	57,840
2000.....	24	365,000	8,760	66,600
2001.....	25	395,000	9,875	76,475
2002.....	26	425,000	11,050	87,525
2003.....	27	460,000	12,420	99,945
2004.....	28	500,000	14,000	113,945
2005.....	29	540,000	15,660	129,605
2006.....	30	580,000	17,400	147,005
		\$7,000,000	147,005	

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